



WILLIAM T FUJIOKA  
Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

September 16, 2008

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

### APPROVAL OF CONTRACT FOR WORKERS' COMPENSATION CLAIM THIRD-PARTY ADMINISTRATION SERVICES (ALL DISTRICTS) (3 VOTES)

#### SUBJECT

To approve a contract with Intercare Insurance Services (Intercare) to perform workers' compensation third-party claim administration (TPA) services for Unit 3 of the County of Los Angeles (County) Workers' Compensation Program.

#### IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that these services can be more economically performed by an independent contractor than by County employees.
2. Approve and instruct the Chair to sign the attached contract with Intercare for TPA services for a five-year term, commencing January 1, 2009 through December 31, 2013, with a provision for two, one-year renewal options, at a first year annual cost of \$7,520,688.
3. Authorize the Chief Executive Officer (CEO) or his designee to approve and execute all renewal options, and change notices pursuant to the provisions of the contract.

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

*"To Enrich Lives Through Effective And Caring Service"*

*Please Conserve Paper – This Document and Copies are Two-Sided  
Intra-County Correspondence Sent Electronically Only*

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The County's Workers' Compensation Program is organized into four Units (Units 1 - 4), each Unit comprised of designated departments and their respective claims. The County presently utilizes three TPA contractors to adjust workers' compensation claims: TRISTAR Risk Management (TRISTAR) administers Units 1 and 2, Intercare administers Unit 3, and Acclamation Insurance Management Services, Inc. (AIMS) administers Unit 4. The purpose of this recommendation is to replace the existing Unit 3 contract, which expires on December 31, 2008.

### **Implementation of Strategic Plan Goals**

This recommendation supports the County's Strategic Plan Goal 2 - Workforce Excellence, Goal 3 - Organizational Effectiveness, and Goal 4 - Fiscal Responsibility, by providing timely and cost effective workers' compensation claim administration services.

### **FISCAL IMPACT/FINANCING**

The contract's projected first-year cost is \$7,520,688. Costs for this contract will be paid from the County's Workers' Compensation Employee Benefits Operating Budget. Funding has been included in the Fiscal Year 2008-09 Adopted Budget.

The contract contains a Cost-of-Living Adjustment (COLA) provision, whereby, the CEO may increase the contractor's compensation during subsequent years. Pursuant to County policy, the COLA is capped at the lesser of the general salary movement percentage for County employees or the Consumer Price Index for Urban Consumers (CPI-U).

The contract includes an option to reduce claim examiner caseloads at set costs. This option contemplates unanticipated service needs initiated by changing State of California statutory and regulatory requirements. A reduction in claim examiner caseloads and the related increase in service fees will require your Board's approval. In addition, this contract contains a new provision requiring the contractor to perform a Statement of Auditing Standard (SAS) No. 70 (Type II) audit. As such, a widely recognized auditing standard will be applied to the contractor's control processes and activities.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The contract contains all required Board, CEO, and County Counsel provisions. The contract has been approved as to form by County Counsel.

The Community Business Enterprise (CBE) information form is attached (Attachment 1).

## **CONTRACTING PROCESS**

On January 4, 2008, the CEO issued a Request For Proposals (RFP) for workers' compensation claim TPA services. The RFP was posted on the County's "Doing Business With Us" website (Attachment 2); and advertisements were placed in the *Los Angeles Times*, *Los Angeles Sentinel*, *La Opinion*, and *Acton/Agua Dulce* newspapers. An Invitation to Submit Proposal was mailed to 146 vendors, including 22 vendors from the Office of Affirmative Action Compliance participating vendors listing.

On February 7, 2008, 14 vendors attended the mandatory Proposers Conference.

Three bidders: CorVel Corporation, AIMS, and the incumbent Intercare, submitted proposals which meet the County's minimum requirements. Each proposal was thoroughly and comprehensively evaluated by representatives from the departments of the CEO, Sheriff, Coroner, Fire, Health Services, Internal Services, Parks and Recreation, and Public Works.

The proposals submitted by AIMS and Intercare were ranked highest, with the Intercare proposal ranking only 4.6 percentage points lower. The CEO recommends awarding the contract to Intercare, as: 1) Intercare is highly qualified to perform the work, and 2) the County is better protected against risk by utilizing three TPA contractors rather than two for these critical services. If this contract were awarded to AIMS, then the County would have only two TPA contractors to provide services for all four Units (i.e., AIMS and TRISTAR). If one contractor were to unexpectedly terminate its contract, then the administration of all County workers' compensation claim files would be the responsibility of the one remaining contractor.

All proposers were debriefed on their proposal ratings and no protests were filed.

The "Proposition A" cost analysis (Attachment 3) demonstrates an estimated first-year cost savings of \$948,719. The Auditor-Controller has reviewed the cost comparison and concurs that the contract is cost-effective.

The Honorable Board of Supervisors  
September 16, 2008  
Page 4

Intercare fully complies with the requirements of the Living Wage Program (County Code Chapter 2.201), and agrees to pay a living wage to their employees providing County services.

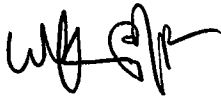
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of this contract will enable the CEO to continue to provide critical workers' compensation claim administration services to County departments, and ensure the delivery of statutorily mandated workers' compensation benefits.

**CONCLUSION**

Upon approval by your Board, please return two signed originals of the contract and one adopted copy of this letter to the CEO's Risk Management Branch, attention Rocky A. Armfield, County Risk Manager.

Respectfully submitted,



WILLIAM T FUJIOKA  
Chief Executive Officer

WTF:ES  
RAA:AR:km

**Attachments**

- c: County Counsel
- Auditor-Controller
- Office of Affirmative Action Compliance



## County of Los Angeles – Community Business Enterprise Program (CBE)

Request for Local SBE Preference Program Consideration and  
CBE Firm/Organization Information Form

**INSTRUCTIONS:** All proposers/bidders responding to this solicitation must complete and return this form for proper consideration of the proposal/bid.

**I. LOCAL SMALL BUSINESS ENTERPRISE PREFERENCE PROGRAM:**FIRM NAME: Intercare Holdings Insurance Services, Inc.

☒ I AM NOT ☐ A Local SBE certified by the County of Los Angeles Office of Affirmative Action Compliance as of the date of this proposal/bids submission.

☐ I AM ☐ As an eligible Local SBE, I request this proposal/bid be considered for the Local SBE Preference.

My County (WebVen) Vendor Number : \_\_\_\_\_

**II. FIRM/ORGANIZATION INFORMATION:** The information requested below is for statistical purposes only. On final analysis and consideration of award, contractor/vendor will be selected without regard to race/ethnicity, color, religion, sex, national origin, age, sexual orientation or disability.

Business Structure: ☐ Sole Proprietorship ☐ Partnership ☒ Corporation ☐ Non-Profit ☐ Franchise  
☐ Other (Please Specify) \_\_\_\_\_

Total Number of Employees (including owners): 345

Race/Ethnic Composition of Firm. Please distribute the above total number of individuals into the following categories:

Race/Ethnic Composition	Owners/Partners/ Associate Partners		Managers		Staff	
	Male	Female	Male	Female	Male	Female
Black/African American	0	0	0	1	4	15
Hispanic/Latino	0	0	4	5	9	52
Asian or Pacific Islander	0	0	4	2	8	23
American Indian	0	0	0	0	0	1
Filipino (These numbers are included in the "Asian or Pacific Islander" numbers)						
White	0	0	18	25	33	118

**III. PERCENTAGE OF OWNERSHIP IN FIRM:** Please indicate by percentage (%) how ownership of the firm is distributed.


	Black/African American	Hispanic/Latino	Asian or Pacific Islander	American Indian	Filipino	White
Men	%	%	%	%	%	%
Women	%	%	%	%	%	%

**IV. CERTIFICATION AS MINORITY, WOMEN, DISADVANTAGED, AND DISABLED VETERAN BUSINESS ENTERPRISES:**

If your firm is currently certified as a minority, women, disadvantaged or disabled veteran owned business enterprise by a public agency, complete the following and attach a copy of your proof of certification. (Use back of form, if necessary.)

Agency Name	Minority	Women	Dis- advantaged	Disabled Veteran	Expiration Date

**V. DECLARATION:** I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE ABOVE INFORMATION IS TRUE AND ACCURATE.

Print Authorized Name	Authorized Signature	Title	Date
Michael Ramser		President	July 31, 2008

**Bid Detail Information**

**Bid Number :** CAO01-079

**Bid Title :** Third-Party Workers' Compensation Claims Administration Services

**Bid Type :** Service

**Department :** Chief Executive Office

**Commodity :** ADMINISTRATIVE SERVICES, ALL KINDS

**Open Date :** 1/10/2008

**Closing Date :** 2/28/2008 11:00 AM

**Bid Amount :** N/A

**Bid Download :** [Available](#)

**Bid Description :** The County of Los Angeles is issuing a Request for Proposals (RFP) for third-party workers' compensation claims administration services. Written questions regarding this RFP are due by January 25, 2008, a mandatory proposers conference will be held on February 7, 2008, 9:00 a.m., at the Equitable Plaza, 3435 Wilshire Blvd., Suite 200, Room 215A, Los Angeles, CA 90010. Proposals are due by 11:00 a.m. (PST), February 28, 2008.

**Amendment Date :** 1/10/2008 Appendices E - M

**Download Available** Appendices E - M

PDF 2541.91 K [RFP4.pdf](#)

**Contact Name :** Ann Rain

**Contact Phone# :** (213) 738-2377

**Contact Email :** [arain@ceo.lacounty.gov](mailto:arain@ceo.lacounty.gov)

**Last Changed On :** 1/10/2008 12:38:23 PM

[Back to Last Window](#)

**PROPOSITION A CONTRACTING**  
**WORKERS' COMPENSATION THIRD-PARTY ADMINISTRATION AGREEMENT**  
**COMPARISON OF ESTIMATED AVOIDABLE COSTS TO THE COST OF CONTRACTING**

<u>COUNTY</u>		<u>COST OF INCREASE (DECREASE) FROM CONTRACTING</u>
<u>DIRECT</u>		
SALARIES	\$5,659,590	
EMPLOYEE BENEFITS	\$2,215,560	
TOTAL PERSONNEL COSTS		\$7,875,150
EQUIPMENT/SERVICES & SUPPLIES		594,257
OTHER (COUNTY OVERHEAD)		<u>0</u>
TOTAL DIRECT		\$8,469,407
<u>INDIRECT</u>		
TOTAL OVERHEAD	<u>\$0</u>	
TOTAL INDIRECT		\$0
TOTAL AVOIDABLE COST	<u>\$8,469,407</u>	(\$8,469,407)
<u>CONTRACT</u>		
<u>DIRECT</u>		
CONTRACT COSTS	\$5,700,960	
OTHER (CONTRACTOR OVERHEAD)	\$534,000	
EQUIPMENT/SERVICES & SUPPLIES	\$847,200	
OTHER (POSTAGE, TRAVEL, ETC.)	\$80,400	
OTHER (CONTRACTOR PROFIT)	<u>\$358,128</u>	
TOTAL DIRECT		\$7,520,688
<u>INDIRECT</u>		
EMPLOYEE RETRAINING	\$0	
CONTRACT MONITORING	0	
OTHER (SPECIFY)	<u>0</u>	
TOTAL INDIRECT		\$0
TOTAL CONTRACT COST	<u>\$7,520,688</u>	<u>\$7,520,688</u>
ESTIMATED SAVING FROM CONTRACTING		<u>(\$948,719)</u>

**CHIEF EXECUTIVE OFFICE  
PROPOSITION A CONTRACT ANALYSIS  
WORKERS' COMPENSATION CLAIM ADMINISTRATION UNIT COST  
FY 2009-09**

**CLAIMS DATA UNIT: UNIT 3**

Fiscal Year:	2008-08
Open/Pending Indemnity Claims:	6,737
New Indemnity & Medical Claims:	2,325
Claims Adjuster Caseload:	175
Total Adjusters:	38
Claims Adjusters per Supervisor:	6
Number of Claims Units:	1

**SUMMARY COST TOTALS**

Cost Category	Total
Salaries and Employee Benefits	7,875,150.04
Services and Supplies	594,257.00
Indirect Avoidable Overhead	0.00
Total	\$8,469,407.04
Cost per New Claim	\$3,642.76

**SALARY AND EMPLOYEE BENEFITS COST**

Title	Position	FTE's	Core Position FTE's	Net FTE's	Net Salary Months	Rate/Mo (1/1/09)	Gross Salaries	5th Step Variance 5.072%	Employee Benefits 39.147%	Total S & EB
Unit Head	Manager, CEO	1.00	0.00	1.00	12	12,049.43	155,393.16	147,511.82	57,746.37	205,257.99
Unit Head Secretary	Senior Secretary III	1.00	0.00	1.00	12	4,784.55	57,414.60	54,502.53	21,336.11	75,838.64
Administrative Services	Program Specialist III, CEO	1.00	0.00	1.00	12	7,475.64	89,707.68	85,157.71	33,336.69	118,494.40
Administrative Services	Program Specialist II, CEO	1.00	0.00	1.00	12	6,353.18	76,238.16	72,371.30	28,331.22	100,702.58
Total Overhead		4.00	0.00	4.00	48		378,763.60	359,543.22	140,750.99	\$500,293.61
Manager	Chief Program Specialist, CEO	1.00	0.00	1.00	12	10,074.00	120,888.00	114,756.56	44,823.75	159,680.31
Supervisor	Program Specialist IV, CEO	7.00	0.00	7.00	84	8,798.45	738,901.80	701,424.70	274,586.73	976,011.43
Adjuster	Program Specialist III, CEO	38.00	0.00	38.00	456	7,475.64	3,408,881.84	3,235,982.85	1,268,794.12	4,502,766.97
MO Adjuster	Senior Clerk	1.00	0.00	1.00	12	3,420.00	41,041.08	38,959.48	15,251.47	54,210.95
Claim Assistant	Senior Clerk	19.00	0.00	19.00	228	3,420.00	779,780.52	740,230.05	289,777.86	1,030,007.91
Admin Support	Intermediate Clerk	9.00	0.00	9.00	108	3,035.64	327,848.12	311,220.61	121,833.53	433,054.14
Clerical Supervisor	Senior Personnel Assistant	1.00	0.00	1.00	12	5,026.55	60,318.60	57,259.24	22,416.27	79,674.51
Quality Assurance Tech	Program Specialist IV, CEO	1.00	0.00	1.00	12	8,798.45	105,557.40	100,203.63	39,226.68	139,430.21
Total Direct		77.00	0.00	77.00	924		5,583,228.36	5,300,047.02	2,074,809.41	7,374,856.43
Future Salary Increase										0.00
Sick Leave Buyback										0.00
Overtime										0.00
Grand Total Direct Cost										\$7,374,856.43
Grand Total Salary and Employee Benefits Cost										\$7,875,150.04
S & EB Cost per New Claim										\$3,387.16

**SERVICES AND SUPPLIES COST**

2008-09 Avoidable Cost Study	Total
S & S Ratio to Salaries:	10.50%
S & S amount using ratio on Claims Unit Salaries:	\$94,257
S & S Cost per New Claim	\$255.59

**INDIRECT**

Avoidable Overhead	\$0.00
TOTAL ESTIMATED AVOIDABLE COSTS	\$94,257.00

**CONTRACTOR COST UNIT B**

DIRECT	
Contract Cost	\$7,520,688.00
INDIRECT COSTS	
Contract Monitoring	\$0.00
TOTAL CONTRACT COST (Direct Cost plus Indirect Cost)	\$7,520,688.00
ESTIMATED SAVINGS FROM CONTRACTING (AVOIDABLE COSTS LESS CONTRACT COSTS)	\$94,719.04



**CONTRACT**

**BY AND BETWEEN**

**COUNTY OF LOS ANGELES**

**AND**

**INTERCARE INSURANCE SERVICES**

**FOR**

**WORKERS' COMPENSATION CLAIMS THIRD-PARTY  
ADMINISTRATION SERVICES**

76682

# **CONTRACT PROVISIONS TABLE OF CONTENTS**

PARAGRAPH	TITLE	PAGE
RECITALS.....		1
1.0	APPLICABLE DOCUMENTS .....	2
2.0	DEFINITIONS .....	3
3.0	WORK.....	4
4.0	TERM OF CONTRACT .....	5
5.0	CONTRACT SUM .....	5
6.0	ADMINISTRATION OF CONTRACT- COUNTY .....	8
6.1	COUNTY'S RISK MANAGER.....	8
6.2	COUNTY'S CONTRACT ADMINISTRATOR .....	8
6.3	COUNTY'S CONTRACT MONITOR.....	9
7.0	ADMINISTRATION OF CONTRACT - CONTRACTOR .....	9
7.1	CONTRACTOR'S CONTRACT MANAGER.....	9
7.2	APPROVAL OF CONTRACTOR'S STAFF .....	9
7.3	BACKGROUND & SECURITY INVESTIGATIONS .....	9
7.4	CONFIDENTIALITY.....	10
8.0	STANDARD TERMS AND CONDITIONS	
8.1	ASSIGNMENT AND DELEGATION.....	11
8.2	AUTHORIZATION WARRANTY .....	11
8.3	BUDGET REDUCTIONS .....	11
8.4	CHANGE NOTICES AND AMENDMENTS .....	12
8.5	COMPLAINTS .....	12
8.6	COMPLIANCE WITH APPLICABLE LAW.....	13
8.7	COMPLIANCE WITH CIVIL RIGHTS LAWS.....	13
8.8	COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM.....	14
8.9	CONFLICT OF INTEREST .....	15
8.10	CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF/OR RE-EMPLOYMENT LIST .....	16
8.11	CONSIDERATION OF HIRING GAIN/GROW PROGRAM PARTICIPANTS.....	16
8.12	CONTRACTOR RESPONSIBILITY AND DEBARMENT.....	17
8.13	CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW .....	19
8.14	CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM.....	19

**CONTRACT PROVISIONS  
TABLE OF CONTENTS**

<b>PARAGRAPH</b>	<b>TITLE</b>	<b>PAGE</b>
8.15	COUNTY'S QUALITY ASSURANCE PLAN .....	20
8.16	DESCRIPTION OF SERVICES .....	20
8.17	EMPLOYMENT ELIGIBILITY VERIFICATION .....	21
8.18	FACSIMILE REPRESENTATIONS .....	21
8.19	FAIR LABOR STANDARDS .....	21
8.20	GOVERNING LAW, JURISDICTION, AND VENUE .....	22
8.21	INDEPENDENT CONTRACTOR STATUS .....	22
8.22	INDEMNIFICATION .....	23
8.23	GENERAL INSURANCE REQUIREMENTS .....	23
8.24	INSURANCE COVERAGE REQUIREMENTS .....	25
8.25	LIQUIDATED DAMAGES .....	27
8.26	MOST FAVORED PUBLIC ENTITY .....	27
8.27	NONDISCRIMINATION AND AFFIRMATIVE ACTION .....	27
8.28	NON EXCLUSIVITY .....	29
8.29	NOTICE OF DELAYS .....	29
8.30	NOTICE OF DISPUTES .....	29
8.31	NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT .....	29
8.32	NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW .....	30
8.33	NOTICES .....	30
8.34	PROHIBITION AGAINST INDUCEMENT OR PERSUASION .....	30
8.35	PUBLIC RECORDS ACT .....	30
8.36	PUBLICITY .....	31
8.37	RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT .....	31
8.38	RECYCLED-CONTENT PAPER .....	33
8.39	SUBCONTRACTING .....	34
8.40	TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN CHILD SUPPORT COMPLIANCE PROGRAM .....	35
8.41	TERMINATION FOR CONVENIENCE .....	35
8.42	TERMINATION FOR DEFAULT .....	36
8.43	TERMINATION FOR IMPROPER CONSIDERATION .....	38
8.44	TERMINATION FOR INSOLVENCY .....	39

**CONTRACT PROVISIONS  
TABLE OF CONTENTS**

<b>PARAGRAPH</b>	<b>TITLE</b>	<b>PAGE</b>
8.45	TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE .....	39
8.46	TERMINATION FOR NON-APPROPRIATION OF FUNDS .....	39
8.47	VALIDITY .....	40
8.48	WAIVER .....	40
8.49	WARRANTY AGAINST CONTINGENT FEES .....	40

**UNIQUE TERMS AND CONDITIONS**

9.1	COMPLIANCE WITH THE COUNTY'S LIVING WAGE PROGRAM .....	40
9.2	CONTRACTOR'S OBLIGATIONS UNDER HIPAA .....	48
9.3	LOCAL SMALL BUSINESS ENTERPRISE (SBE) PREFERENCE PROGRAM ....	48
9.4	OWNERSHIP OF MATERIALS – REPORTS AND RECORDS .....	49
9.5	TRANSITIONAL JOB OPPORTUNITIES PREFERENCE PROGRAM .....	50
SIGNATURES .....		52

**STANDARD EXHIBITS**

A	STATEMENT OF WORK
B	PAYMENT SCHEDULE
C	CONTRACTOR'S PROPOSED SCHEDULE (Not Applicable)
D	CONTRACTOR'S EEO CERTIFICATION
E	COUNTY'S ADMINISTRATION
F	CONTRACTOR'S ADMINISTRATION
G	FORMS REQUIRED AT THE TIME OF CONTRACT EXECUTION
G1	CONTRACTOR EMPLOYEE ACKNOWLEDGMENT AND CONFIDENTIALITY
G2	CONTRACTOR NON-EMPLOYEE ACKNOWLEDGMENT AND CONFIDENTIALITY
H	JURY SERVICE ORDINANCE
I	SAFELY SURRENDERED BABY LAW



**CONTRACT PROVISIONS  
TABLE OF CONTENTS**

PARAGRAPH	TITLE	PAGE
-----------	-------	------

**UNIQUE EXHIBITS**

***PROP A - LIVING WAGE PROGRAM DOCUMENTS***

J	LIVING WAGE ORDINANCE	
K	MONTHLY CERTIFICATION FOR APPLICABLE HEALTH BENEFIT PAYMENTS	
L	PAYROLL STATEMENT OF COMPLIANCE	

M	CONTRACTOR'S OBLIGATION UNDER HIPAA	
---	-------------------------------------	--

**TECHNICAL EXHIBITS**

I	CEO, Risk Management Branch Description	
II	Other County Departments	
III	Open Claims By Department – Unit 3	
IV	New Claims by Year and Month – Unit 3	
V	Workload Statistics – Historical and Annual Self-Insurance Plans Reports	
VI	Delayed Claims Administration Report	
VII	Equipment List to Connect to GENCOMP	
VIII	Quality of Work Performance Requirements Summary	
IX	Performance Requirements Summary	
X	Contract Discrepancy Report	
XI	Workers' Compensation – Payments & Negotiation Authorization Limits	
XII	Payment Provisions	
XIII	Anatomy of a Payment	
XIV	Examples of Overpayments and Excess Costs	
XV	Sample Balance Sheet	
XVI	Claim Status Reports Form & Guidelines	
XVII	Los Angeles County Code 5.31.050	

**CONTRACT BETWEEN  
COUNTY OF LOS ANGELES  
AND  
INTERCARE INSURANCE SERVICES  
FOR  
WORKERS' COMPENSATION CLAIMS THIRD-PARTY  
ADMINISTRATION SERVICES**

This Contract which includes the attached Exhibits made and entered into this 16th day of September, 2008 by and between the County of Los Angeles, hereinafter referred to as County and Intercare Insurance Services, hereinafter referred to as Contractor. Contractor is located at 3010 Lava Ridge Court, Suite 200, Roseville, CA 95661.

**RECITALS**

WHEREAS, Los Angeles County Code Section 5.31.050 provides that the Director of Personnel shall have the authority and responsibility to establish, administer and operate a complete self-insured workers' compensation program; and

WHEREAS, on July 30, 2002, the Director of Personnel delegated his authority under the Los Angeles County Code Section 5.31.050 to the Chief Executive Officer; and

WHEREAS, pursuant to Los Angeles County Code Section 2.121.295, et seq., County is authorized to contract with private business to perform personal services when it is more economical or feasible to do so; and

WHEREAS, Contractor is duly licensed and certified under the laws of the State of California to engage in the business of providing Third Party Workers' Compensation Claims Administration services as described hereunder and possesses the competence, expertise and personnel required to provide such services; and

WHEREAS, in response to County's Request for Proposals for such services, Contractor has submitted its proposal to County and desires to provide such services; and

NOW, THEREFORE, the parties hereto agree to as follows:

***Prop A authorization:***

***WHEREAS, the County has determined that it is legal, feasible, and cost-effective to contract Third Party Workers' Compensation Claims Administration Services; and***

***WHEREAS, this Contract is therefore authorized under Section 44.7 of the Los Angeles County Charter and Los Angeles County Codes Section 2.121.250; and***

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for good and valuable consideration, the parties agree to the following:

## **1.0 APPLICABLE DOCUMENTS**

Exhibits A, B, C, D, E, F, G, H, I, J, K L, and M and Technical Exhibits I, II, III, IV, V, VI, VII, VIII, IX, X, XI XII, XIII, XIV, XV, XVI, and XVII are attached to and form a part of this Contract.

In the event of any conflict or inconsistency in the definition or interpretation of any word, responsibility, schedule, or the contents or description of any task, deliverable, goods, service, or other work, or otherwise between the base Contract and the Exhibits, or between Exhibits, such conflict or inconsistency shall be resolved by giving precedence first to the Contract and then to the Exhibits according to the following priority.

**Standard Exhibits:**

- 1.1 EXHIBIT A - Statement of Work
- 1.2 EXHIBIT B - Payment Schedule
- 1.3 EXHIBIT C - Contractor's Proposed Schedule (Not Applicable)
- 1.4 EXHIBIT D - Contractor's EEO Certification
- 1.5 EXHIBIT E - County's Administration
- 1.6 EXHIBIT F - Contractor's Administration
- 1.7 EXHIBIT G - Forms Required at the Time of Contract Execution
- 1.8 EXHIBIT H - Jury Service Ordinance
- 1.9 EXHIBIT I - Safely Surrendered Baby Law

### **Unique Exhibits:**

#### ***Prop A - Living Wage Program***

- 1.10 *EXHIBIT J - Living Wage Ordinance*
- 1.11 *EXHIBIT K - Monthly Certification for Applicable Health Benefit Payments*
- 1.12 *EXHIBIT L - Payroll Statement of Compliance*

#### ***Health Insurance Portability & Accountability Act (HIPAA) Agreement***

- 1.13 *EXHIBIT M - Contractor's Obligation Under HIPAA*

### **Technical Exhibits**

- 1.14 I CEO, Risk Management Branch Description
- 1.15 II Other County Departments
- 1.16 III Open Claims By Department – Unit 3
- 1.17 IV New Claims by Year and Month – Unit 3
- 1.18 V Workload Statistics – Historical and Annual Self-Insurance Plans Reports
- 1.19 VI Delayed Claims Administration Report
- 1.20 VII Equipment List to Connect to GENCOMP
- 1.21 VIII Quality of Work Performance Requirements Summary
- 1.22 IX Performance Requirements Summary
- 1.23 X Contract Discrepancy Report
- 1.24 XI Workers' Compensation – Payments & Negotiation Authorization Limits
- 1.26 XII Payment Provisions
- 1.27 XIII Anatomy of a Payment
- 1.28 XIV Examples of Overpayments and Excess Costs
- 1.29 XV Sample Balance Sheet
- 1.30 XVI Claim Status Reports Form & Guidelines
- 1.31 XVII Los Angeles County Code 5.31.050

This Contract and the Exhibits hereto constitute the complete and exclusive statement of understanding between the parties, and supersedes all previous Contracts, written and oral, and all communications between the parties relating to the subject matter of this Contract. No change to this Contract shall be valid unless prepared pursuant to Sub-paragraph 8.4 - Change Notices and Amendments and signed by both parties.

## **2.0 DEFINITIONS**

The headings herein contained are for convenience and reference only and are not intended to define the scope of any provision thereof. The following

words as used herein shall be construed to have the following meaning, unless otherwise apparent from the context in which they are used.

- 2.1 Contract:** Agreement executed between County and Contractor. It sets forth the terms and conditions for the issuance and performance of the Statement of Work, Exhibit A.
- 2.2 Contractor:** The sole proprietor, partnership, or corporation that has entered into a contract with the County to perform or execute the work covered by the Statement of Work.
- 2.3 Contractor Contract Manager:** The individual designated by the Contractor to administer the Contract operations after the Contract award.
- 2.4 County Contract Monitor:** Person with responsibility to oversee the day to day activities of this Contract. Responsibility for inspections of any and all tasks, deliverables, goods, services and other work provided by Contractor.
- 2.5 County Risk Manager:** Person designated by County with authority for County on contractual or administrative matters relating to this Contract that cannot be resolved by the County Contract Administrator.
- 2.6 County Contract Administrator (CCA):** Person designated by County's Risk Manager to manage the operations, work or service under this Contract.
- 2.7 Day(s):** Calendar day(s) unless otherwise specified.
- 2.8 Fiscal Year:** The twelve (12) month period beginning July 1st and ending the following June 30th.

### **3.0 WORK**

- 3.1** Pursuant to the provisions of this Contract, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in the *Statement of Work, Exhibit A*.
- 3.2** If the Contractor provides any tasks, deliverables, goods, services, or other work, other than as specified in this Contract, the same shall be deemed to be a gratuitous effort on the part of the Contractor, and the Contractor shall have no claim whatsoever against the County.

## **4.0 TERM OF CONTRACT**

- 4.1 The term of this Contract shall commence on the date first herein above written and shall continue in full force and effect until December 31, 2013. The County shall have the sole option to extend this Contract term for up to two (2) additional one-year periods, for a maximum total Contract term of seven (7) years. Each such option shall be exercised at the sole discretion of the Chief Executive Officer. Contractor's delivery of services hereunder shall commence at a date mutually agreeable to the parties but in no event shall the implementation date be later than 12:01 a.m., January 1, 2009.
- 4.2 In the event of expiration of the term of this Contract or termination prior to the expiration of the term of this Contract, the Contractor shall fully cooperate with County to provide for the transition to whatever service replacement method the County determines to be in its best interest.
- 4.3 Contractor shall notify CCA when this Contract is within six months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, Contractor shall send written notification to CCA at the address herein provided in Exhibit E - County's Administration.

## **5.0 CONTRACT SUM**

- 5.1 Contractor shall be paid as set forth in Exhibit B, Payment Schedule.
- 5.2 The Contractor shall not be entitled to payment or reimbursement for any tasks or services performed, nor for any incidental or administrative expenses whatsoever incurred in or incidental to performance hereunder, except as specified herein. Assumption or takeover of any of the Contractor's duties, responsibilities, or obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever, shall occur only with the CCA's express prior written approval.
- 5.3 Contractor shall maintain a system of record keeping that will allow Contractor to determine when it has incurred seventy-five percent (75%) of the total Contract authorization under this Contract. Upon occurrence of this event, Contractor shall send written notification to the CCA at the address herein provided in *Exhibit E - County's Administration*.

#### **5.4 No Payment for Services Provided Following Expiration/Termination of Contract**

Contractor shall have no claim against County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by Contractor after the expiration or other termination of this Contract. Should Contractor receive any such payment it shall immediately notify County and shall immediately repay all such funds to County. Payment by County for services rendered after expiration/termination of this Contract shall not constitute a waiver of County's right to recover such payment from Contractor. This provision shall survive the expiration or other termination of this Contract.

#### **5.5 Invoices and Payments**

- 5.5.1 The Contractor shall invoice the County only for providing the tasks, deliverables, goods, services, and other work specified in *Exhibit A, Statement of Work*, and elsewhere hereunder. Contractor shall be paid as set forth in Exhibit A, Statement of Work, Section III, Contractor Payment and Adjustments to Payment. The Contractor shall prepare invoices, which shall include the charges owed to the Contractor by the County under the terms of this Contract. The Contractor's payments shall be as provided in *Exhibit B - Payment Schedule*, and the Contractor shall be paid only for the tasks, deliverables, goods, services, and other work approved in writing by the County. If the County does not approve work in writing no payment shall be due to the Contractor for that work.
- 5.5.2 The Contractor's invoices shall be priced in accordance with *Exhibit B - Payment Schedule*.
- 5.5.3 The Contractor's invoices shall contain the information set forth in *Exhibit A - Statement of Work* describing the tasks, deliverables, goods, services, work hours, and facility and/or other work for which payment is claimed.
- 5.5.4 The Contractor shall submit the monthly invoices to the County by the 15<sup>th</sup> calendar day of the month following the month of service.

#### ***Prop A - Living Wage Program:***

***No invoice will be approved for payment unless the following is included:***

- ***Exhibit K - Monthly Certification for Applicable Health Benefit Payments***
- ***Exhibit L - Payroll Statement of Compliance***

5.5.5 All invoices under this Contract shall be submitted in two copies to the following address:

Third Party Workers' Compensation Claims  
Administration Services  
County Contract Administrator  
Chief Executive Office  
Risk Management Branch  
3333 Wilshire Boulevard, Suite 820  
Los Angeles, CA 90010

5.5.6 **County Approval of Invoices.** All invoices submitted by the Contractor for payment must have the written approval of the CCA prior to any payment thereof. In no event shall the County be liable or responsible for any payment prior to such written approval. Approval for payment will not be unreasonably withheld, and in no instance will such approval take more than 60 days from receipt of properly prepared invoices by the County.

## **5.6 Cost of Living Adjustments (COLA's)**

The Contract yearly amount may be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the Chief Executive Office as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries, no cost of living adjustments will be granted. Where the County decides to grant a COLA pursuant to this paragraph for living wage contracts, it may, in its sole discretion exclude the cost of labor (including the cost of wages and benefits paid to employees providing services under this contract) from the base upon which a COLA is calculated, unless



the Contractor can show that his/her labor cost will actually increase.

## **6.0 ADMINISTRATION OF CONTRACT - COUNTY**

### **COUNTY ADMINISTRATION**

The Chief Executive Officer (hereinafter referred to as "CEO") or his authorized designee, shall have the authority to administer this Contract on behalf of the County. The term "County Contract Administrator (CCA)" as used in this Agreement means the Workers' Compensation Chief Program Specialist, Risk Management Branch, CEO or CCA's duly authorized designee.

A listing of all County Administration referenced in the following Sub-paragraphs are designated in *Exhibit E - County's Administration*. The County shall notify the Contractor in writing of any change in the names or addresses shown.

#### **6.1 County's Risk Manager**

Responsibilities of the County's Risk Manager include:

- ensuring that the objectives of this Contract are met;
- making changes in the terms and conditions of this Contract in accordance with Sub-paragraph 8.4, Change Notices and Amendments; and
- providing direction to Contractor in the areas relating to County policy, information requirements, and procedural requirements.

#### **6.2 County's Contract Administrator**

Responsibilities of the County's Contract Administrator include:

- ensuring that the objectives of this Contract are met;
- making changes in the terms and conditions of this Contract in accordance with Sub-paragraph 8.4, Change Notices and Amendments; and
- providing direction to Contractor in the areas relating to County policy, information requirements, and procedural requirements.
- meeting with Contractor's Contract Manager on a regular basis; and
- inspecting any and all tasks, deliverables, goods, services, or other work provided by or on behalf of Contractor.

The CCA is not authorized to make any changes in any of the terms and conditions of this Contract and is not authorized to

further obligate County in any respect whatsoever except as provided in Sub-paragraph 8.4.

### **6.3 County's Contract Monitor**

The County's Contract Monitor is responsible for overseeing the day-to-day administration of this Contract. The County Contract Monitor reports to the CCA.

## **7.0 ADMINISTRATION OF CONTRACT - CONTRACTOR**

### **7.1 Contractor's Contract Manager**

7.1.1 Contractor's Contract Manager is designated in *Exhibit F - Contractor's Administration*. The Contractor shall notify the County in writing of any change in the name or address of the Contractor's Contract Manager.

7.1.2 Contractor's Contract Manager shall be responsible for Contractor's day-to-day activities as related to this Contract and shall coordinate with CCA and County Contract Monitor(s) on a regular basis.

### **7.2 Approval of Contractor's Staff**

County has the absolute right to approve or disapprove all of Contractor's staff performing work hereunder and any proposed changes in Contractor's staff, including, but not limited to, Contractor's Contract Manager.

### **7.3 Background and Security Investigations**

7.3.1 At any time prior to or during term of this Contract, the County may require that all Contractor staff performing work under this Contract undergo and pass, to the satisfaction of County, a background investigation, as a condition of beginning and continuing to work under this Contract. County shall use its discretion in determining the method of background clearance to be used, up to and including a County performed fingerprint security clearance. The fees associated with obtaining the background information shall be at the expense of the Contractor, regardless if the Contractor's staff passes or fails the background clearance investigation.

7.3.2 County may request that Contractor's staff be immediately removed from working on the County Contract at any time during the term of the Contract. County will not provide to

Contractor or to Contractor's staff any information obtained through the County conducted background clearance.

7.3.3 County may immediately deny or terminate facility access to Contractor's staff who do not pass such investigation(s) to the satisfaction of the County whose background or conduct is incompatible with County facility access, at the sole discretion of the County.

7.3.4 Disqualification, if any, of Contractor staff, pursuant to this Sub-paragraph 7.3, shall not relieve Contractor of its obligation to complete all work in accordance with the terms and conditions of this Contract.

#### **7.4 Confidentiality**

7.4.1 The Contractor shall maintain the confidentiality of all records obtained from the County under this Contract in accordance with all applicable federal, State or local laws, ordinances, regulations and directives relating to confidentiality.

7.4.2 The Contractor shall inform all of its officers, employees, agents, and subcontractors providing services hereunder of the confidentiality provisions of this Contract.

7.4.3 The Contractor shall cause each employee performing services covered by this Contract to sign and adhere to the provisions of the "Contractor Employee Acknowledgment, Confidentiality Agreement", Exhibit G1.

7.4.4 The Contractor shall cause each non-employee performing services covered by this Contract to sign and adhere to the "Contractor Non-Employee Acknowledgment, Confidentiality, Agreement", Exhibit G2.

7.4.5 Applicability of Labor Code Section 3762 - Contractor and County agree that the CEO, the CCA, those County employees specified by the CEO or CCA to administer the County's workers' compensation system, County Counsel staff, the County's defense attorneys, and any outside auditor designed by the CEO or CCA to audit this Contract shall have complete access to all claim files and any other records created or held by Contractor pursuant to this Contract, including access to any and all medical reports and records held by the Contractor pursuant to this Contract.

## **8.0 STANDARD TERMS AND CONDITIONS**

### **8.1 ASSIGNMENT AND DELEGATION**

- 8.1.1 The Contractor shall not assign its rights or delegate its duties under this Contract, or both, either in whole or in part, without the prior written consent of the CCA. Any unapproved assignment or delegation shall be null and void. For purposes of this sub-paragraph, County consent shall require a written amendment to the Contract, which is formally approved and executed by the parties. Any payments by the CEO to any approved delegate or assignee on any claim under this Contract shall be deductible, at CCA's sole discretion, against the claims, which the Contractor may have against the County.
- 8.1.2 Shareholders, partners, members, or other equity holders of Contractor may transfer, sell, exchange, assign, or divest themselves of any interest they may have therein. However, in the event of any such sale, transfer, exchange, assignment, or divestment is effected in such a way as to give majority control of Contractor to any person(s), corporation, partnership, or legal entity other than the majority controlling interest therein at the time of execution of the Contract, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Contract.
- 8.1.3 If any assumption, assignment, delegation, or takeover of any of the Contractor's duties, responsibilities, obligations, or performance of same by any entity other than the Contractor, whether through assignment, subcontract, delegation, merger, buyout, or any other mechanism, with or without consideration for any reason whatsoever without CCA's express prior written approval, may result in the termination of this Contract.

### **8.2 AUTHORIZATION WARRANTY**

The Contractor represents and warrants that the person executing this Contract for the Contractor is an authorized agent who has actual authority to bind the Contractor to each and every term, condition, and obligation of this Contract and that all requirements of the Contractor have been fulfilled to provide such actual authority.

### **8.3 BUDGET REDUCTIONS**

In the event that the County's Board of Supervisors adopts, in any fiscal year, a County Budget which provides for reductions in the salaries and benefits paid to the majority of County employees and imposes similar reductions with respect to County Contracts, the County reserves the right to reduce its payment obligation under this Contract correspondingly for that fiscal year and any subsequent fiscal year during the term of this Contract (including any extensions), and the services to be provided by the Contractor under this Contract shall also be reduced correspondingly. The County's notice to the Contractor regarding said reduction in payment obligation shall be provided within thirty (30) calendar days of the Board's approval of such actions. Except as set forth in the preceding sentence, the Contractor shall continue to provide all of the services set forth in this Contract.

#### **8.4 CHANGE NOTICES AND AMENDMENTS**

- 8.4.1 County reserves the right to initiate Change Notices that do not affect the scope, term, contract sum or payments. A change in performance standards pursuant to paragraph 1.0 of Exhibit A, Section III may be made by Change Notice. All such changes shall be accomplished with an executed Change Notice signed by the Contractor and by the CCA. The CCA is authorized to enter into and execute such change notices.
- 8.4.2 Upon mutual agreement between CEO and Contractor, the Contractor shall assume County workload from other third party administrators at the same terms as this Contract. The CEO is authorized to enter into and execute such amendment.
- 8.4.3 For any revision to this Contract that affects the scope of work, period of performance, payments, or any term or condition of this Contract, except for those exceptions specifically provided for in this Contract, a negotiated amendment to this Contract shall be executed by the County Board of Supervisors and the Contractor.

#### **8.5 COMPLAINTS**

The Contractor shall develop, maintain and operate procedures for receiving, investigating and responding to complaints.

- 8.5.1 Within thirty (30) business days after Contract effective date, the Contractor shall provide the County with the Contractor's policy for receiving, investigating and responding to user complaints.

- 8.5.2 The County will review the Contractor's policy and provide the Contractor with approval of said plan or with requested changes.
- 8.5.3 If the County requests changes in the Contractor's policy, the Contractor shall make such changes and resubmit the plan within five (5) business days.
- 8.5.4 If, at any time, the Contractor wishes to change the Contractor's policy, the Contractor shall submit proposed changes to the County for approval before implementation.
- 8.5.5 The Contractor shall preliminarily investigate all complaints and notify the CCA of the status of the investigation within five (5) business days of receiving the complaint.
- 8.5.6 When complaints cannot be resolved informally, a system of follow-through shall be instituted which adheres to formal plans for specific actions and strict time deadlines.
- 8.5.7 Copies of all written responses shall be sent to the CCA within three (3) business days of mailing to the complainant.

## **8.6 COMPLIANCE WITH APPLICABLE LAW**

- 8.6.1 The Contractor shall comply with all applicable Federal, State, and local laws, rules, regulations, ordinances, and directives, and all provisions required thereby to be included in this Contract are hereby incorporated herein by reference.
- 8.6.2 The Contractor shall indemnify and hold harmless the County from and against any and all liability, damages, costs, and expenses, including, but not limited to, defense costs and attorneys' fees, arising from or related to any violation on the part of the Contractor or its employees, agents, or subcontractors of any such laws, rules, regulations, ordinances, or directives.

## **8.7 COMPLIANCE WITH CIVIL RIGHTS LAWS**

The Contractor hereby assures that it will comply with Subchapter VI of the Civil Rights Act of 1964, 42 USC Sections 2000 (e) (1) through 2000 (e) (17), to the end that no person shall, on the grounds of race, creed, color, sex, religion, ancestry, age, condition of physical handicap, marital status, political affiliation, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this

Contract or under any project, program, or activity supported by this Contract. The Contractor shall comply with *Exhibit D - Contractor's EEO Certification*.

## **8.8 COMPLIANCE WITH THE COUNTY'S JURY SERVICE PROGRAM**

### **8.8.1 Jury Service Program:**

This Contract is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code, a copy of which is attached as *Exhibit H* and incorporated by reference into and made a part of this Contract.

### **8.8.2 Written Employee Jury Service Policy.**

1. Unless Contractor has demonstrated to the County's satisfaction either that Contractor is not a "Contractor" as defined under the Jury Service Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Service Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its Employees shall receive from the Contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that Employees deposit any fees received for such jury service with the Contractor or that the Contractor deduct from the Employee's regular pay the fees received for jury service.
2. For purposes of this Sub-paragraph, "Contractor" means a person, partnership, corporation or other entity which has a contract with the County or a subcontract with a County Contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more County contracts or subcontracts. "Employee" means any California resident who is a full time employee of Contractor. "Full-time" means 40 hours or more worked per week, or a lesser number of hours if: 1) the lesser number is a recognized industry standard as determined by the County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time. Full-time employees providing short-term, temporary

services of 90 days or less within a 12-month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for the County under the Contract, the subcontractor shall also be subject to the provisions of this Sub-paragraph. The provisions of this Sub-paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

3. If Contractor is not required to comply with the Jury Service Program when the Contract commences, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Service Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "Contractor" or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. The County may also require, at any time during the Contract and at its sole discretion, that Contractor demonstrate to the County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "Contractor" and/or that Contractor continues to qualify for an exception to the Program.
4. Contractor's violation of this Sub-paragraph of the Contract may constitute a material breach of the Contract. In the event of such material breach, County may, in its sole discretion, terminate the Contract and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach.

## **8.9 CONFLICT OF INTEREST**

- 8.9.1 No County employee whose position with the County enables such employee to influence the award of this Contract or any competing Contract, and no spouse or economic dependent of such employee, shall be employed in any capacity by the Contractor or have any other direct or indirect financial interest in this Contract. No officer or employee of the Contractor who may financially benefit from the performance of work hereunder shall in any way participate in the County's approval, or ongoing evaluation,



of such work, or in any way attempt to unlawfully influence the County's approval or ongoing evaluation of such work.

- 8.9.2 The Contractor shall comply with all conflict of interest laws, ordinances, and regulations now in effect or hereafter to be enacted during the term of this Contract. The Contractor warrants that it is not now aware of any facts that create a conflict of interest. If the Contractor hereafter becomes aware of any facts that might reasonably be expected to create a conflict of interest, it shall immediately make full written disclosure of such facts to the County. Full written disclosure shall include, but is not limited to, identification of all persons implicated and a complete description of all relevant circumstances. Failure to comply with the provisions of this Sub-paragraph shall be a material breach of this Contract.

#### **8.10 CONSIDERATION OF HIRING COUNTY EMPLOYEES TARGETED FOR LAYOFF/OR RE-EMPLOYMENT LIST**

Should the Contractor require additional or replacement personnel after the effective date of this Contract to perform the services set forth herein, the Contractor shall give first consideration for such employment openings to qualified, permanent County employees who are targeted for layoff or qualified, former County employees who are on a re-employment list during the life of this Contract.

#### **8.11 CONSIDERATION OF HIRING GAIN/GROW PROGRAM PARTICIPANTS**

- 8.11.1 Should the Contractor require additional or replacement personnel after the effective date of this Contract, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor.

- 8.11.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority.

## **8.12 CONTRACTOR RESPONSIBILITY AND DEBARMENT**

### **8.12.1 Responsible Contractor**

A responsible Contractor is a Contractor who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the contract. It is the County's policy to conduct business only with responsible Contractors.

### **8.12.2 Chapter 2.202 of the County Code**

The Contractor is hereby notified that, in accordance with Chapter 2.202 of the County Code, if the County acquires information concerning the performance of the Contractor on this or other contracts which indicates that the Contractor is not responsible, the County may, in addition to other remedies provided in the Contract, debar the Contractor from bidding or proposing on, or being awarded, and/or performing work on County contracts for a specified period of time not to exceed five years but may exceed five years or be permanent if warranted by the circumstances, and terminate any or all existing Contracts the Contractor may have with the County.

### **8.12.3 Non-responsible Contractor**

The County may debar a Contractor if the Board of Supervisors finds, in its discretion, that the Contractor has done any of the following: (1) violated a term of a contract with the County or a nonprofit corporation created by the County, (2) committed an act or omission which negatively reflects on the Contractor's quality, fitness or capacity to perform a contract with the County, any other public entity, or a nonprofit corporation created by the County, or engaged in a pattern or practice which negatively reflects on same, (3) committed an act or offense which indicates a lack of business integrity or business honesty, or (4) made or submitted a false claim against the County or any other public entity.

### **8.12.4 Contractor Hearing Board**

1. If there is evidence that the Contractor may be subject to debarment, the Department will notify the Contractor in writing of the evidence which is the basis for the proposed debarment and will advise the

Contractor of the scheduled date for a debarment hearing before the Contractor Hearing Board.

2. The Contractor Hearing Board will conduct a hearing where evidence on the proposed debarment is presented. The Contractor and/or the Contractor's representative shall be given an opportunity to submit evidence at that hearing. After the hearing, the Contractor Hearing Board shall prepare a tentative proposed decision, which shall contain a recommendation regarding whether the Contractor should be debarred, and, if so, the appropriate length of time of the debarment. The Contractor and the Department shall be provided an opportunity to object to the tentative proposed decision prior to its presentation to the Board of Supervisors.
3. After consideration of any objections, or if no objections are submitted, a record of the hearing, the proposed decision, and any other recommendation of the Contractor Hearing Board shall be presented to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.
4. If a Contractor has been debarred for a period longer than five (5) years, that Contractor may after the debarment has been in effect for at least five (5) years, submit a written request for review of the debarment determination to reduce the period of debarment or terminate the debarment. The County may, in its discretion, reduce the period of debarment or terminate the debarment if it finds that the Contractor has adequately demonstrated one or more of the following: (1) elimination of the grounds for which the debarment was imposed; (2) a bona fide change in ownership or management; (3) material evidence discovered after debarment was imposed; or (4) any other reason that is in the best interests of the County.
5. The Contractor Hearing Board will consider a request for review of a debarment determination only where (1) the Contractor has been debarred for a period longer than five (5) years; (2) the debarment has been in effect for at least five (5) years; and (3) the request

is in writing, states one or more of the grounds for reduction of the debarment period or termination of the debarment, and includes supporting documentation. Upon receiving an appropriate request, the Contractor Hearing Board will provide notice of the hearing on the request. At the hearing, the Contractor Hearing Board shall conduct a hearing where evidence on the proposed reduction of debarment period or termination of debarment is presented. This hearing shall be conducted and the request for review decided by the Contractor Hearing Board pursuant to the same procedures as for a debarment hearing.

6. The Contractor Hearing Board's proposed decision shall contain a recommendation on the request to reduce the period of debarment or terminate the debarment. The Contractor Hearing Board shall present its proposed decision and recommendation to the Board of Supervisors. The Board of Supervisors shall have the right to modify, deny, or adopt the proposed decision and recommendation of the Contractor Hearing Board.

#### **8.12.5 Subcontractors of Contractor**

These terms shall also apply to Subcontractors of County Contractors.

#### **8.13 CONTRACTOR'S ACKNOWLEDGEMENT OF COUNTY'S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW**

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County's policy to encourage all County Contractors to voluntarily post the County's "Safely Surrendered Baby Law" poster in a prominent position at the Contractor's place of business. The Contractor will also encourage its Subcontractors, if any, to post this poster in a prominent position in the Subcontractor's place of business. The County's Department of Children and Family Services will supply the Contractor with the poster to be used. Information on how to receive the poster can be found on the Internet at [www.babysafela.org](http://www.babysafela.org).

#### **8.14 CONTRACTOR'S WARRANTY OF ADHERENCE TO COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM**

- 8.14.1 The Contractor acknowledges that the County has established a goal of ensuring that all individuals who benefit financially from the County through Contract are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon the County and its taxpayers.
- 8.14.2 As required by the County's Child Support Compliance Program (County Code Chapter 2.200) and without limiting the Contractor's duty under this Contract to comply with all applicable provisions of law, the Contractor warrants that it is now in compliance and shall during the term of this Contract maintain in compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage and Earnings Withholding Orders or Child Support Services Department Notices of Wage and Earnings Assignment for Child, Family or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

## **8.15 COUNTY'S QUALITY ASSURANCE PLAN**

The County or its agent will evaluate the Contractor's performance under this Contract on not less than an annual basis. Such evaluation will include assessing the Contractor's compliance with all Contract terms and conditions and performance standards. Contractor deficiencies which the County determines are severe or continuing and that may place performance of the Contract in jeopardy if not corrected will be reported to the Board of Supervisors. The report will include improvement/corrective action measures taken by the County and the Contractor. If improvement does not occur consistent with the corrective action measures, the County may terminate this Contract or impose other penalties as specified in this Contract.

## **8.16 DESCRIPTION OF SERVICES**

- 8.16.1 Pursuant to the provisions of this Contract, the Contractor shall fully perform, complete and deliver on time, all tasks, deliverables, services and other work as set forth in the Statement of Work, Exhibit A.

- 8.16.2 If the Contractor provides any tasks, deliverables, goods, services, or other work, other than as specified in this Contract, the same shall be deemed to be a gratuitous effort on the part of the Contractor, and the Contractor shall have no claim whatsoever against the County.

#### **8.17 EMPLOYMENT ELIGIBILITY VERIFICATION**

- 8.17.1 The Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirements set forth in Federal and State statutes and regulations. The Contractor shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal and State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, (P.L. 99-603), or as they currently exist and as they may be hereafter amended. The Contractor shall retain all such documentation for all covered employees for the period prescribed by law.

- 8.17.2 The Contractor shall indemnify, defend, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.

#### **8.18 FACSIMILE REPRESENTATIONS**

The County and the Contractor hereby agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Change Notices and Amendments prepared pursuant to Sub-paragraph 8.4, and received via communications facilities, as legally sufficient evidence that such original signatures have been affixed to Change Notices and Amendments to this Contract, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of "original" versions of such documents.

#### **8.19 FAIR LABOR STANDARDS**

The Contractor shall comply with all applicable provisions of the Federal Fair Labor Standards Act and shall indemnify, defend, and hold harmless the County and its agents, officers, and employees from any and all liability, including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law, including, but not limited to, the Federal Fair Labor Standards Act, for work performed by the Contractor's employees for which the County may be found jointly or solely liable.

## **8.20 GOVERNING LAW, JURISDICTION, AND VENUE**

This Contract shall be governed by, and construed in accordance with, the laws of the State of California. The Contractor agrees and consents to the exclusive jurisdiction of the courts of the State of California for all purposes regarding this Contract and further agrees and consents that venue of any action brought hereunder shall be exclusively in the County of Los Angeles.

## **8.21 INDEPENDENT CONTRACTOR STATUS**

8.21.1 This Contract is by and between the County and the Contractor and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, as between the County and the Contractor. The employees and agents of one party shall not be, or be construed to be, the employees or agents of the other party for any purpose whatsoever.

8.21.2 The Contractor shall be solely liable and responsible for providing to, or on behalf of, all persons performing work pursuant to this Contract all compensation and benefits. The County shall have no liability or responsibility for the payment of any salaries, wages, unemployment benefits, disability benefits, Federal, State, or local taxes, or other compensation, benefits, or taxes for any personnel provided by or on behalf of the Contractor.

8.21.3 The Contractor understands and agrees that all persons performing work pursuant to this Contract are, for purposes of Workers' Compensation liability, solely employees of the Contractor and not employees of the County. The Contractor shall be solely liable and responsible for furnishing any and all Workers' Compensation benefits to any person as a result of any injuries arising from or connected with any work performed by or on behalf of the Contractor pursuant to this Contract.

8.21.4 The Contractor shall adhere to the provisions stated in subparagraph 7.4 – Confidentiality.

## **8.22 INDEMNIFICATION**

The Contractor shall indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with the Contractor's acts and/or omissions arising from and/or relating to this Contract.

## **8.23 GENERAL INSURANCE REQUIREMENTS**

Without limiting the Contractor's indemnification of the County and during the term of this Contract, the Contractor shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Contract. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by the County. Such coverage shall be provided and maintained at the Contractor's own expense.

8.23.1 Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to the County shall be delivered to:

Chief Executive Office  
Risk Management Branch  
Risk Management Operations  
3333 Wilshire Boulevard, Suite 820  
Los Angeles, CA 90010

prior to commencing services under this Contract. Such certificates or other evidence shall:

- Specifically identify this Contract;
- Clearly evidence all coverages required in this Contract;
- Contain the express condition that the County is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance;
- Include copies of the additional insured endorsement to the commercial general liability policy, adding the County of Los Angeles, its Special Districts, its officials, officers and employees as insureds for all activities



arising from this Contract; and

- Identify any deductibles or self-insured retentions for the County's approval. The County retains the right to require the Contractor to reduce or eliminate such deductibles or self-insured retentions as they apply to the County, or, require the Contractor to provide a bond guaranteeing payment of all such retained losses and related costs, including, but not limited to, expenses or fees, or both, related to investigations, claims administrations, and legal defense. Such bond shall be executed by a corporate surety licensed to transact business in the State of California.

**8.23.2 Insurer Financial Ratings:** Insurance is to be provided by an insurance company acceptable to the County with an A.M. Best rating of not less than A:VII unless otherwise approved by the County.

**8.23.3 Failure to Maintain Coverage:** Failure by the Contractor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to the County, shall constitute a material breach of the Contract upon which the County may immediately terminate or suspend this Contract. The County, at its sole option, may obtain damages from the Contractor resulting from said breach. Alternatively, the County may purchase such required insurance coverage, and without further notice to the Contractor, the County may deduct from sums due to the Contractor any premium costs advanced by the County for such insurance.

**8.23.4 Notification of Incidents, Claims or Suits:** Contractor shall report to the County:

- Any accident or incident relating to services performed under this Contract which involves injury or property damage which may result in the filing of a claim or lawsuit against the Contractor and/or the County. Such report shall be made in writing within 24 hours of occurrence.
- Any third party claim or lawsuit filed against the Contractor arising from or related to services performed by the Contractor under this Contract.
- Any injury to a Contractor employee that occurs on County property. This report shall be submitted on a County "Non-employee Injury Report" to the County Contract Manager.

- Any loss, disappearance, destruction, misuse, or theft of any kind whatsoever of County property, monies or securities entrusted to the Contractor under the terms of this Contract.

**8.23.5 Compensation for County Costs:** In the event that the Contractor fails to comply with any of the indemnification or insurance requirements of this Contract, and such failure to comply results in any costs to the County, the Contractor shall pay full compensation for all costs incurred by the County.

**8.23.6 Insurance Coverage Requirements for Subcontractors:**

The Contractor shall ensure any and all subcontractors performing services under this Contract meet the insurance requirements of this Contract by either:

- The Contractor providing evidence of insurance covering the activities of subcontractors, or
- The Contractor providing evidence submitted by subcontractors evidencing that subcontractors maintain the required insurance coverage. The County retains the right to obtain copies of evidence of subcontractor insurance coverage at any time.

**8.24 INSURANCE COVERAGE REQUIREMENTS**

**8.24.1 General Liability** insurance written on ISO policy form CG 00 01 or its equivalent with limits of not less than the following:

General Aggregate:	\$2 million
Products/Completed Operations	
Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million

**8.24.2 Automobile Liability** written on ISO policy form CA 00 01 or its equivalent with a limit of liability of not less than \$1 million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto".

**8.24.3 Workers' Compensation and Employers' Liability** insurance providing workers' compensation benefits, as required by the Labor Code of the State of California or by

any other state, and for which the Contractor is responsible. If the Contractor's employees will be engaged in maritime employment, coverage shall provide workers' compensation benefits as required by the U.S. Longshore and Harbor Workers' Compensation Act, Jones Act or any other federal law for which the Contractor is responsible. In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

**8.24.4 Professional Liability:** Insurance covering liability arising from any error, omission, negligent or wrongful act of the Contractor, its officers or employees with limits of net less than \$1 million per occurrence and \$3 million aggregate. The coverage also shall provide an extended two year reporting period commencing upon termination or cancellation of this Agreement.

**8.24.5 Crime Coverage:** Insurance with limits in amounts not less than indicated below covering against loss of money, securities, or other property referred to in this Agreement, and naming the County as loss payee:

Employee Dishonesty:	\$1 million
Forgery or Alteration:	\$1 million
Theft, Disappearance and Destruction:	\$1 million
Computer Fraud:	\$1 million
Burglary and Robbery:	\$1 million

**8.24.6 Performance Security Requirements:** Such surety may be provided by one of the following forms and conditioned upon faithful performance and satisfactory completion of services by Contractor.

**Performance Bond:** A faithful performance bond in the sum of not less than three months of the contract value payable to the County of Los Angeles and executed by a corporate surety licensed to transact business in the State of California, or,

**Certificate of Deposit (CD) or Letter of Credit (LOC):** A CD or an irrevocable LOC payable to the County of Los Angeles upon demand in an amount not less than three months of the contract value. Such CD or LOC shall comply with minimum criteria and standards established by the County and be maintained throughout the term of the Agreement.

- 8.24.7 Insurance policies purchased and maintained under this Contract by the Contractor shall include a waiver of subrogation recovery against the County and employees.

## **8.25 LIQUIDATED DAMAGES**

- 8.25.1 If, in the judgment of the CEO, the Contractor breaches the Contract requirements as specified in the *Performance Requirements Summary (PRS) Chart*, as defined in *Technical Exhibit IX*, hereunder, the County will have a claim for the sum specified in the PRS, to be paid by the Contractor in accordance with the Contract as liquidated damages. The Chief Executive Officer, or his/her designee shall notify Contractor in writing of the specific instances and areas of noncompliance and/or nonperformance and the corresponding unsatisfactory performance deductions.

- 8.25.2 This Sub-paragraph shall not, in any manner, restrict or limit the County's right to damages for any breach of this Contract provided by law or as specified in the PRS, and shall not, in any manner, restrict or limit the County's right to terminate this Contract as agreed to herein.

## **8.26 MOST FAVORED PUBLIC ENTITY**

If the Contractor's prices decline, or should the Contractor at any time during the term of this Contract provide the same goods or services under similar quantity and delivery conditions to the State of California or any county, municipality, or district of the State at prices below those set forth in this Contract, then such lower prices shall be immediately extended to the County.

## **8.27 NONDISCRIMINATION AND AFFIRMATIVE ACTION**

- 8.27.1 The Contractor certifies and agrees that all persons employed by it, its affiliates, subsidiaries, or holding companies are and shall be treated equally without regard to or because of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status,

or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations.

- 8.27.2 The Contractor shall certify to, and comply with, the provisions of *Exhibit D - Contractor's EEO Certification*.
- 8.27.3 The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, in compliance with all applicable Federal and State anti-discrimination laws and regulations. Such action shall include, but is not limited to: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- 8.27.4 The Contractor certifies and agrees that it will deal with its subcontractors, bidders, or vendors without regard to or because of race, color, religion, ancestry, national origin, sex, age, or physical or mental disability, marital status, or political affiliation.
- 8.27.5 The Contractor certifies and agrees that it, its affiliates, subsidiaries, or holding companies shall comply with all applicable Federal and State laws and regulations to the end that no person shall, on the grounds of race, color, religion, ancestry, national origin, sex, age, physical or mental disability, marital status, or political affiliation, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Contract or under any project, program, or activity supported by this Contract.
- 8.27.6 The Contractor shall allow County representatives access to the Contractor's employment records during regular business hours to verify compliance with the provisions of this Sub-paragraph 8.27 when so requested by the County.
- 8.27.7 If the County finds that any provisions of this Sub-paragraph 8.27 have been violated, such violation shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract. While the County reserves the right to determine independently that the anti-discrimination provisions of this Contract have been violated, in addition, a determination by the California

Fair Employment Practices Commission or the Federal Equal Employment Opportunity Commission that the Contractor has violated Federal or State anti-discrimination laws or regulations shall constitute a finding by the County that the Contractor has violated the anti-discrimination provisions of this Contract.

8.27.8 The parties agree that in the event the Contractor violates any of the anti-discrimination provisions of this Contract, the County shall, at its sole option, be entitled to the sum of Five Hundred Dollars (\$500) for each such violation pursuant to California Civil Code Section 1671 as liquidated damages in lieu of terminating or suspending this Contract.

#### **8.28 NON EXCLUSIVITY**

Nothing herein is intended nor shall be construed as creating any exclusive arrangement with Contractor. This Contract shall not restrict the CEO from acquiring similar, equal or like goods and/or services from other entities or sources.

#### **8.29 NOTICE OF DELAYS**

Except as otherwise provided under this Contract, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this Contract, that party shall, within one (1) day, give notice thereof, including all relevant information with respect thereto, to the other party.

#### **8.30 NOTICE OF DISPUTES**

The Contractor shall bring to the attention of the CCA and/or his designee any dispute between the County and the Contractor regarding the performance of services as stated in this Contract. If the CCA or his designee is not able to resolve the dispute, the County Risk Manager or his designee shall resolve it.

#### **8.31 NOTICE TO EMPLOYEES REGARDING THE FEDERAL EARNED INCOME CREDIT**

The Contractor shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice No. 1015.

### **8.32 NOTICE TO EMPLOYEES REGARDING THE SAFELY SURRENDERED BABY LAW**

The Contractor shall notify and provide to its employees, and shall require each subcontractor to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in *Exhibit I* of this Contract and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

### **8.33 NOTICES**

All notices or demands required or permitted to be given or made under this Contract shall be in writing and shall be hand delivered with signed receipt or mailed by first-class registered or certified mail, postage prepaid, addressed to the parties as identified in *Exhibits E - County's Administration and F - Contractor's Administration*. Addresses may be changed by either party giving ten (10) days' prior written notice thereof to the other party. The Chief Executive Officer shall have the authority to issue all notices or demands required or permitted by the County under this Contract.

### **8.34 PROHIBITION AGAINST INDUCEMENT OR PERSUASION**

Notwithstanding the above, the Contractor and the County agree that, during the term of this Contract and for a period of one year thereafter, neither party shall in any way intentionally induce or persuade any employee of one party to become an employee or agent of the other party. No bar exists against any hiring action initiated through a public announcement.

### **8.35 PUBLIC RECORDS ACT**

8.35.1 Any documents submitted by Contractor; all information obtained in connection with the County's right to audit and inspect Contractor's documents, books, and accounting records pursuant to Sub-paragraph 8.37 - Record Retention and Inspection/Audit Settlement of this Contract; as well as those documents which were required to be submitted in response to the Request for Proposals (RFP) used in the solicitation process for this Contract, become the exclusive property of the County. All such documents become a matter of public record and shall be regarded as public records. Exceptions will be those elements in the California Government Code Section 6250 et seq. (Public Records Act) and which are marked "trade secret", "confidential", or

“proprietary”. The County shall not in any way be liable or responsible for the disclosure of any such records including, without limitation, those so marked, if disclosure is required by law, or by an order issued by a court of competent jurisdiction.

- 8.35.2 In the event the County is required to defend an action on a Public Records Act request for any of the aforementioned documents, information, books, records, and/or contents of a proposal marked “trade secret”, “confidential”, or “proprietary”, the Contractor agrees to defend and indemnify the County from all costs and expenses, including reasonable attorney’s fees, in action or liability arising under the Public Records Act.

## **8.36 PUBLICITY**

- 8.36.1 The Contractor shall not disclose any details in connection with this Contract to any person or entity except as may be otherwise provided hereunder or required by law. However, in recognizing the Contractor’s need to identify its services and related clients to sustain itself, the County shall not inhibit the Contractor from publishing its role under this Contract within the following conditions:

- The Contractor shall develop all publicity material in a professional manner; and
- During the term of this Contract, the Contractor shall not, and shall not authorize another to, publish or disseminate any commercial advertisements, press releases, feature articles, or other materials using the name of the County without the prior written consent of the County Contractor Administrator. The County shall not unreasonably withhold written consent.

- 8.36.2 The Contractor may, without the prior written consent of County, indicate in its proposals and sales materials that it has been awarded this Contract with the County of Los Angeles, provided that the requirements of this Sub-paragraph 8.36 shall apply.

## **8.37 RECORD RETENTION AND INSPECTION/AUDIT SETTLEMENT**

The Contractor shall maintain accurate and complete financial records of its activities and operations relating to this Contract in accordance with generally accepted accounting principles. The Contractor shall also maintain accurate and complete employment



and other records relating to its performance of this Contract. The Contractor agrees that the County, or its authorized representatives, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any pertinent transaction, activity, or records relating to this Contract. All such material, including, but not limited to, all financial records, timecards and other employment records, and proprietary data and information, shall be kept and maintained by the Contractor and shall be made available to the County during the term of this Contract and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such material prior to such time. All such material shall be maintained by the Contractor at a location in Los Angeles County, provided that if any such material is located outside Los Angeles County, then, at the County's option, the Contractor shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such material at such other location.

8.37.1 In the event that an audit of the Contractor is conducted specifically regarding this Contract by any Federal or State auditor, or by any auditor or accountant employed by the Contractor or otherwise, then the Contractor shall file a copy of such audit report with the County's Auditor-Controller within thirty (30) days of the Contractor's receipt thereof, unless otherwise provided by applicable Federal or State law or under this Contract. The County shall make a reasonable effort to maintain the confidentiality of such audit report(s).

8.37.2 Failure on the part of the Contractor to comply with any of the provisions of this Sub-paragraph 8.37 shall constitute a material breach of this Contract upon which the County may terminate or suspend this Contract.

8.37.3 At any time during the term of this Contract or within five (5) years after the expiration or termination of this Contract, representatives of the County may conduct an audit of the Contractor regarding the work performed under this Contract, and if such audit finds that the County's dollar liability for any such work is less than payments made by the County to the Contractor, then the difference shall be either: a) repaid by the Contractor to the County by cash payment upon demand or b) at the sole option of the County's Auditor-Controller, deducted from any amounts due to the Contractor from the County, whether under this Contract or otherwise. If such audit finds that the County's dollar liability for such work is more than the payments

made by the County to the Contractor, then the difference shall be paid to the Contractor by the County by cash payment, provided that in no event shall the County's maximum obligation for this Contract exceed the funds appropriated by the County for the purpose of this Contract.

- 8.37.4 In addition to the above, the Contractor agrees, should the County or its authorized representatives determine, in the County's sole discretion, that it is necessary or appropriate to review a broader scope of the Contractor's records (including, certain records related to non-County contracts) to enable the County to evaluate the Contractor's compliance with the County's Living Wage Program, that the Contractor shall promptly and without delay provide to the County, upon the written request of the County or its authorized representatives, access to and the right to examine, audit, excerpt, copy, or transcribe any and all transactions, activities, or records relating to any of its employees who have provided services to the County under this Contract, including without limitation, records relating to work performed by said employees on the Contractor's non-County contracts. The Contractor further acknowledges that the foregoing requirement in this subparagraph relative to Contractor's employees who have provided services to the County under this Contract is for the purpose of enabling the County in its discretion to verify the Contractor's full compliance with and adherence to California labor laws and the County's Living Wage Program. All such materials and information, including, but not limited to, all financial records, bank statements, cancelled checks or other proof of payment, timecards, sign-in/sign-out sheets and other time and employment records, and proprietary data and information, shall be kept and maintained by the Contractor and shall be made available to the County during the term of this Contract and for a period of five (5) years thereafter unless the County's written permission is given to dispose of any such materials and information prior to such time. All such materials and information shall be maintained by the Contractor at a location in Los Angeles County, provided that if any such materials and information is located outside Los Angeles County, then, at the County's option, the Contractor shall pay the County for travel, per diem, and other costs incurred by the County to examine, audit, excerpt, copy, or transcribe such materials and information at such other location.

## **8.38 RECYCLED-CONTENT PAPER**

Consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at the County landfills, the Contractor agrees to use recycled-content paper to the maximum extent possible on this Contract.

### **8.39 SUBCONTRACTING**

- 8.39.1 The requirements of this Contract may not be subcontracted by the Contractor **without the advance approval of the County**. Any attempt by the Contractor to subcontract without the prior consent of the County may be deemed a material breach of this Contract.
- 8.39.2 If the Contractor desires to subcontract, the Contractor shall provide the following information promptly at the County's request:
- A description of the work to be performed by the subcontractor;
  - A draft copy of the proposed subcontract; and
  - Other pertinent information and/or certifications requested by the County.
- 8.39.3 The Contractor shall indemnify and hold the County harmless with respect to the activities of each and every subcontractor in the same manner and to the same degree as if such subcontractor(s) were Contractor employees.
- 8.39.4 The Contractor shall remain fully responsible for all performances required of it under this Contract, including those that the Contractor has determined to subcontract, notwithstanding the County's approval of the Contractor's proposed subcontract.
- 8.39.5 The County's consent to subcontract shall not waive the County's right to prior and continuing approval of any and all personnel, including subcontractor employees, providing services under this Contract. The Contractor is responsible to notify its subcontractors of this County right.
- 8.39.6 The CCA is authorized to act for and on behalf of the County with respect to approval of any subcontract and subcontractor employees. After approval of the subcontract by the County, Contractor shall forward a fully executed subcontract to the County for their files.

- 8.39.7 The Contractor shall be solely liable and responsible for all payments or other compensation to all subcontractors and their officers, employees, agents, and successors in interest arising through services performed hereunder, notwithstanding the County's consent to subcontract.
- 8.39.8 The Contractor shall obtain certificates of insurance, which establish that the subcontractor maintains all the programs of insurance required by the County from each approved subcontractor. The Contractor shall ensure delivery of all such documents to:

Chief Executive Office  
Risk Management Branch  
Risk Management Operations  
3333 Wilshire Boulevard, Suite 820  
Los Angeles, CA 90010

before any subcontractor employee may perform any work hereunder.

**8.40 TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S CHILD SUPPORT COMPLIANCE PROGRAM**

Failure of the Contractor to maintain compliance with the requirements set forth in Sub-paragraph 8.14 - Contractor's Warranty of Adherence to County's Child Support Compliance Program, shall constitute default under this Contract. Without limiting the rights and remedies available to the County under any other provision of this Contract, failure of Contractor to cure such default within 90 calendar days of within notice shall be grounds upon which the County may terminate this Contract pursuant to Sub-paragraph 8.42 - Termination for Default and pursue debarment of Contractor, pursuant to County Code Chapter 2.202.

**8.41 TERMINATION FOR CONVENIENCE**

- 8.41.1 This Contract may be terminated, in whole or in part, from time to time, when such action is deemed by the County, in its sole discretion, to be in its best interest. Termination of work hereunder shall be effected by notice of termination to Contractor specifying the extent to which performance of work is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be no less than ten (10) days after the notice is sent.

8.41.2 After receipt of a notice of termination and except as otherwise directed by the County, the Contractor shall:

- Stop work under this Contract on the date and to the extent specified in such notice, and
- Complete performance of such part of the work as shall not have been terminated by such notice.

8.41.3 All material including books, records, documents, or other evidence bearing on the costs and expenses of the Contractor under this Contract shall be maintained by the Contractor in accordance with Sub-paragraph 8.37, Record Retention & Inspection/Audit Settlement.

## **8.42 TERMINATION FOR DEFAULT**

8.42.1 The County may, by written notice to the Contractor, terminate the whole or any part of this Contract, if, in the judgment of County's Risk Manager:

- Contractor has materially breached this Contract;
- Contractor fails to timely provide and/or satisfactorily perform any task, deliverable, service, or other work required either under this Contract; or
- Contractor fails to demonstrate a high probability of timely fulfillment of performance requirements under this Contract, or of any obligations of this Contract and in either case, fails to demonstrate convincing progress toward a cure within five (5) working days (or such longer period as the County may authorize in writing) after receipt of written notice from the County specifying such failure.

8.42.2 In the event that the County terminates this Contract in whole or in part as provided in Sub-paragraph 8.42.1, the County may procure, upon such terms and in such manner as the County may deem appropriate, goods and services similar to those so terminated. The Contractor shall be liable to the County for any and all excess costs incurred by the County, as determined by the County, for such similar goods and services. The Contractor shall continue the performance of this Contract to the extent not terminated under the provisions of this sub-paragraph.

8.42.3 Except with respect to defaults of any subcontractor, the Contractor shall not be liable for any such excess costs of

the type identified in Sub-paragraph 8.42.2 if its failure to perform this Contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not limited to: acts of God or of the public enemy, acts of the County in either its sovereign or contractual capacity, acts of Federal or State governments in their sovereign capacities, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for any such excess costs for failure to perform, unless the goods or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required performance schedule. As used in this Sub-paragraph 8.42.3, the terms "subcontractor" and "subcontractors" mean subcontractor(s) at any tier.

8.42.4 If, after the County has given notice of termination under the provisions of this Sub-paragraph 8.42, it is determined by the County that the Contractor was not in default under the provisions of this Sub-paragraph 8.42, or that the default was excusable under the provisions of Sub-paragraph 8.42.3, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to Sub-paragraph 8.41 - Termination for Convenience.

8.42.5 In the event the County terminates this Contract in its entirety due to the Contractor's default as provided in Sub-paragraph 8.42.1, the Contractor and the County agree that the County will have actual damages, which are extremely difficult to calculate and impracticable to fix and which will include, but are not limited to, the County's costs of procurement of replacement services and costs incurred due to delays in procuring such services. Therefore, the Contractor and the County agree that the County shall, at its sole option and in lieu of the provisions of Sub-paragraph 8.42.2, be entitled to liquidated damages from the Contractor, pursuant to California Civil Code Section 1671, in the amount of Ten Thousand Dollars (\$10,000) or ten percent (10%) of the applicable year's Contract sum,

whichever is more, as equitable compensation to the County for such actual damages. This amount of liquidated damages shall be either paid by the Contractor to the County by cash payment upon demand or, at the sole discretion of the CEO, or designee, deducted from any amounts due to the Contractor by the County, whether under this Contract or otherwise.

These liquidated damages shall be in addition to any credits, which the County is otherwise entitled to under this Contract, and the Contractor's payment of these liquidated damages shall not in any way change, or affect the provisions of Sub-paragraph 8.22 - Indemnification.

- 8.42.6 The rights and remedies of the County provided in this Sub-paragraph 8.42 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

#### **8.43 TERMINATION FOR IMPROPER CONSIDERATION**

- 8.43.1 The County may, by written notice to the Contractor, immediately terminate the right of the Contractor to proceed under this Contract if it is found that consideration, in any form, was offered or given by the Contractor, either directly or through an intermediary, to any County officer, employee, or agent with the intent of securing this Contract or securing favorable treatment with respect to the award, amendment, or extension of this Contract or the making of any determinations with respect to the Contractor's performance pursuant to this Contract. In the event of such termination, the County shall be entitled to pursue the same remedies against the Contractor as it could pursue in the event of default by the Contractor.
- 8.43.2 The Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (800) 544-6861.
- 8.43.3 Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

#### **8.44 TERMINATION FOR INSOLVENCY**

8.44.1 The County may terminate this Contract forthwith in the event of the occurrence of any of the following:

- Insolvency of the Contractor. The Contractor shall be deemed to be insolvent if it has ceased to pay its debts for at least sixty (60) days in the ordinary course of business or cannot pay its debts as they become due, whether or not a petition has been filed under the Federal Bankruptcy Code and whether or not the Contractor is insolvent within the meaning of the Federal Bankruptcy Code;
- The filing of a voluntary or involuntary petition regarding the Contractor under the Federal Bankruptcy Code;
- The appointment of a Receiver or Trustee for the Contractor; or
- The execution by the Contractor of a general assignment for the benefit of creditors.

8.44.2 The rights and remedies of the County provided in this Subparagraph 8.44 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

#### **8.45 TERMINATION FOR NON-ADHERENCE OF COUNTY LOBBYIST ORDINANCE**

The Contractor, and each County Lobbyist or County Lobbying firm as defined in County Code Section 2.160.010 retained by the Contractor, shall fully comply with the County's Lobbyist Ordinance, County Code Chapter 2.160. Failure on the part of the Contractor or any County Lobbyist or County Lobbying firm retained by the Contractor to fully comply with the County's Lobbyist Ordinance shall constitute a material breach of this Contract, upon which the County may in its sole discretion, immediately terminate or suspend this Contract.

#### **8.46 TERMINATION FOR NON-APPROPRIATION OF FUNDS**

Notwithstanding any other provision of this Contract, the County shall not be obligated for the Contractor's performance hereunder or by any provision of this Contract during any of the County's future fiscal years unless and until the County's Board of Supervisors



appropriates funds for this Contract in the County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Contract, then this Contract shall terminate as of June 30 of the last fiscal year for which funds were appropriated. The County shall notify the Contractor in writing of any such non-allocation of funds at the earliest possible date.

#### **8.47 VALIDITY**

If any provision of this Contract or the application thereof to any person or circumstance is held invalid, the remainder of this Contract and the application of such provision to other persons or circumstances shall not be affected thereby.

#### **8.48 WAIVER**

No waiver by the County of any breach of any provision of this Contract shall constitute a waiver of any other breach or of such provision. Failure of the County to enforce at any time, or from time to time, any provision of this Contract shall not be construed as a waiver thereof. The rights and remedies set forth in this Subparagraph 8.48 shall not be exclusive and are in addition to any other rights and remedies provided by law or under this Contract.

#### **8.49 WARRANTY AGAINST CONTINGENT FEES**

8.49.1 The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Contract upon any Contract or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

8.49.2 For breach of this warranty, the County shall have the right to terminate this Contract and, at its sole discretion, deduct from the Contract price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

### **9.0 UNIQUE TERMS AND CONDITIONS**

#### **9.1 COMPLIANCE WITH THE COUNTY'S LIVING WAGE PROGRAM**

##### **9.1.1 Living Wage Program:**

This Contract is subject to the provisions of the County's ordinance entitled Living Wage Program as codified in Sections 2.201.010 through 2.201.100 of the Los Angeles County Code, a copy of which is attached as *Exhibit J* and incorporated by reference into and made a part of this Contract.

#### **9.1.2 Payment of Living Wage Rates.**

1. Unless the Contractor has demonstrated to the County's satisfaction either that the Contractor is not an "Employer" as defined under the Program (Section 2.201.020 of the County Code) or that the Contractor qualifies for an exception to the Living Wage Program (Section 2.201.090 of the County Code), the Contractor shall pay its Employees no less than the applicable hourly living wage rate, as set forth immediately below, for the Employees' services provided to the County, including, without limitation, "Travel Time" as defined below at subsection 5 of this Subparagraph 9.1.2 under the Contract:
  - a. Not less than \$11.84 per hour if, in addition to the per-hour wage, the Contractor contributes less than \$2.20 per hour towards the provision of bona fide health care benefits for its Employees and any dependents; or
  - b. Not less than \$9.64 per hour if, in addition to the per-hour wage, the Contractor contributes at least \$2.20 per hour towards the provision of bona fide health care benefits for its Employees and any dependents. The Contractor will be deemed to have contributed \$2.20 per hour towards the provision of bona fide health care benefits if the benefits are provided through the County Department of Health Services Community Health Plan. If, at any time during the Contract, the Contractor contributes less than \$2.20 per hour towards the provision of bona fide health care benefits, the Contractor shall be required to pay its Employees the higher hourly living wage rate.
2. For purposes of this sub-paragraph, "Contractor" includes any subcontractor engaged by the Contractor to perform services for the County under the Contract. If the Contractor uses any subcontractor to perform

services for the County under the Contract, the subcontractor shall be subject to the provisions of this sub-paragraph. The provisions of this sub-paragraph shall be inserted into any such subcontract and a copy of the Living Wage Program shall be attached to the subcontract. "Employee" means any individual who is an employee of the Contractor under the laws of California, and who is providing full-time services to the Contractor, some or all of which are provided to the County under the Contract. "Full-time" means a minimum of 40 hours worked per week, or a lesser number of hours, if the lesser number is a recognized industry standard and is approved as such by the County; however, fewer than 35 hours worked per week will not, in any event, be considered full-time.

3. If the Contractor is required to pay a living wage when the Contract commences, the Contractor shall continue to pay a living wage for the entire term of the Contract, including any option period.
4. If the Contractor is not required to pay a living wage when the Contract commences, the Contractor shall have a continuing obligation to review the applicability of its "exemption status" from the living wage requirement. The Contractor shall immediately notify the County if the Contractor at any time either comes within the Living Wage Program's definition of "Employer" or if the Contractor no longer qualifies for an exception to the Living Wage Program. In either event, the Contractor shall immediately be required to commence paying the living wage and shall be obligated to pay the living wage for the remaining term of the Contract, including any option period. The County may also require, at any time during the Contract and at its sole discretion, that the Contractor demonstrate to the County's satisfaction that the Contractor either continues to remain outside of the Living Wage Program's definition of "Employer" and/or that the Contractor continues to qualify for an exception to the Living Wage Program. Unless the Contractor satisfies this requirement within the time frame permitted by the County, the Contractor shall immediately be required to pay the living wage for the remaining term of the Contract, including any option period.

5. For purposes of the Contractor's obligation to pay its Employees the applicable hourly living wage rate under this Contract, "Travel Time" shall have the following two meanings, as applicable: 1) With respect to travel by an Employee that is undertaken in connection with this Contract, Travel Time shall mean any period during which an Employee physically travels to or from a County facility if the Contractor pays the Employee any amount for that time or if California law requires the Contractor to pay the Employee any amount for that time; and 2) With respect to travel by an Employee between County facilities that are subject to two different contracts between the Contractor and the County (of which both contracts are subject to the Living Wage Program), Travel Time shall mean any period during which an Employee physically travels to or from, or between such County facilities if the Contractor pays the Employee any amount for that time or if California law requires the Contractor to pay the Employee any amount for that time.

#### **9.1.3 Contractor's Submittal of Certified Monitoring Reports.**

The Contractor shall submit to the County certified monitoring reports at a frequency instructed by the County. The certified monitoring reports shall list all of the Contractor's Employees during the reporting period. The certified monitoring reports shall also verify the number of hours worked, the hourly wage rate paid, and the amount paid by the Contractor for health benefits, if any, for each of its Employees. The certified monitoring reports shall also state the name and identification number of the Contractor's current health care benefits plan, and the Contractor's portion of the premiums paid as well as the portion paid by each Employee. All certified monitoring reports shall be submitted on forms provided by the County (*Exhibit K and Exhibit L*), or other form approved by the County which contains the above information. The County reserves the right to request any additional information it may deem necessary. If the County requests additional information, the Contractor shall promptly provide such information. The Contractor, through one of its officers, shall certify under penalty of perjury that the information contained in each certified monitoring report is true and accurate.

#### **9.1.4 Contractor's Ongoing Obligation to Report Labor Law/Payroll Violations and Claims**

During the term of the Contract, if the Contractor becomes aware of any labor law/payroll violation or any complaint, investigation or proceeding ("claim") concerning any alleged labor law/payroll violation (including but not limited to any violation or claim pertaining to wages, hours and working conditions such as minimum wage, prevailing wage, living wage, the Fair Labor Standards Act, employment of minors, or unlawful employment discrimination), the Contractor shall immediately inform the County of any pertinent facts known by the Contractor regarding same. This disclosure obligation is not limited to any labor law/payroll violation or claim arising out of the Contractor's contract with the County, but instead applies to any labor law/payroll violation or claim arising out of any of the Contractor's operations in California.

#### **9.1.5 County Auditing of Contractor Records.**

Upon a minimum of twenty-four (24) hours' written notice, the County may audit, at the Contractor's place of business, any of the Contractor's records pertaining to the Contract, including all documents and information relating to the certified monitoring reports. The Contractor is required to maintain all such records in California until the expiration of four (4) years from the date of final payment under the Contract. Authorized agents of the County shall have access to all such records during normal business hours for the entire period that records are to be maintained.

#### **9.1.6 Notifications to Employees.**

The Contractor shall place County-provided living wage posters at each of the Contractor's places of business and locations where the Contractor's Employees are working. The Contractor shall also distribute County-provided notices to each of its Employees at least once per year. The Contractor shall translate posters and handouts into Spanish and any other language spoken by a significant number of Employees.

#### **9.1.7 Enforcement and Remedies.**

If the Contractor fails to comply with the requirements of this sub-paragraph, the County shall have the rights and remedies described in this sub-paragraph in addition to any rights and remedies provided by law or equity.

1. Remedies For Submission of Late or Incomplete Certified Monitoring Reports. If the Contractor submits a certified monitoring report to the County after the date it is due or if the report submitted does not contain all of the required information or is inaccurate or is not properly certified, any such deficiency shall constitute a breach of the Contract. In the event of any such breach, the County may, in its sole discretion, exercise any or all of the following rights/remedies:

- a. Withholding of Payment. If the Contractor fails to submit accurate, complete, timely and properly certified monitoring reports, the County may withhold from payment to the Contractor up to the full amount of any invoice that would otherwise be due, until the Contractor has satisfied the concerns of the County, which may include required submittal of revised certified monitoring reports or additional supporting documentation.
- b. Liquidated Damages. It is mutually understood and agreed that the Contractor's failure to submit an accurate, complete, timely and properly certified monitoring report will result in damages being sustained by the County. It is also understood and agreed that the nature and amount of the damages will be extremely difficult and impractical to fix; that the liquidated damages set forth herein are the nearest and most exact measure of damages for such breach that can be fixed at this time; and that the liquidated damages are not intended as a penalty or forfeiture for the Contractor's breach. Therefore, in the event that a certified monitoring report is deficient, including but not limited to being late, inaccurate, incomplete or uncertified, it is agreed that the County may, in its sole discretion, assess against the Contractor liquidated damages in the amount of \$100 per monitoring report for each day until the County has been provided with a properly prepared, complete and certified monitoring report. The County may deduct any assessed

liquidated damages from any payments otherwise due the Contractor.

- c. Termination. The Contractor's continued failure to submit accurate, complete, timely and properly certified monitoring reports may constitute a material breach of the Contract. In the event of such material breach, the County may, in its sole discretion, terminate the Contract.

2. Remedies for Payment of Less Than the Required Living Wage. If the Contractor fails to pay any Employee at least the applicable hourly living wage rate, such deficiency shall constitute a breach of the Contract. In the event of any such breach, the County may, in its sole discretion, exercise any or all of the following rights/remedies:

- a. Withholding Payment. If the Contractor fails to pay one or more of its Employees at least the applicable hourly living wage rate, the County may withhold from any payment otherwise due the Contractor the aggregate difference between the living wage amounts the Contractor was required to pay its Employees for a given pay period and the amount actually paid to the employees for that pay period. The County may withhold said amount until the Contractor has satisfied the County that any underpayment has been cured, which may include required submittal of revised certified monitoring reports or additional supporting documentation.
- b. Liquidated Damages. It is mutually understood and agreed that the Contractor's failure to pay any of its Employees at least the applicable hourly living wage rate will result in damages being sustained by the County. It is also understood and agreed that the nature and amount of the damages will be extremely difficult and impractical to fix; that the liquidated damages set forth herein are the nearest and most exact measure of damages for such breach that can be fixed at this time; and that the liquidated damages are not intended as a penalty or forfeiture for the Contractor's breach. Therefore, it is agreed that the County may, in its sole discretion, assess against the Contractor liquidated damages of \$50

per Employee per day for each and every instance of an underpayment to an Employee. The County may deduct any assessed liquidated damages from any payments otherwise due the Contractor.

- c. Termination. The Contractor's continued failure to pay any of its Employees the applicable hourly living wage rate may constitute a material breach of the Contract. In the event of such material breach, the County may, in its sole discretion, terminate the Contract.

- 3. Debarment. In the event the Contractor breaches a requirement of this sub-paragraph, the County may, in its sole discretion, bar the Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach, in accordance with Los Angeles County Code, Chapter 2.202, Determinations of Contractor Non-Responsibility and Contractor Debarment.

#### **9.1.8 Use of Full-Time Employees.**

The Contractor shall assign and use full-time Employees of the Contractor to provide services under the Contract unless the Contractor can demonstrate to the satisfaction of the County that it is necessary to use non-full-time Employees based on staffing efficiency or County requirements for the work to be performed under the Contract. It is understood and agreed that the Contractor shall not, under any circumstance, use non-full-time Employees for services provided under the Contract unless and until the County has provided written authorization for the use of same. The Contractor submitted with its proposal a full-time Employee staffing plan. If the Contractor changes its full-time Employee staffing plan, the Contractor shall immediately provide a copy of the new staffing plan to the County.

#### **9.1.9 Contractor Retaliation Prohibited.**

The Contractor and/or its Employees shall not take any adverse action which would result in the loss of any benefit of employment, any contract benefit, or any statutory benefit for any Employee, person or entity who has reported a violation of the Living Wage Program to the County or to any other public or private agency, entity or



person. A violation of the provisions of this sub-paragraph may constitute a material breach of the Contract. In the event of such material breach, the County may, in its sole discretion, terminate the Contract.

#### **9.1.10 Contractor Standards.**

During the term of the Contract, the Contractor shall maintain business stability, integrity in employee relations and the financial ability to pay a living wage to its employees. If requested to do so by the County, the Contractor shall demonstrate to the satisfaction of the County that the Contractor is complying with this requirement.

#### **9.1.11 Neutrality in Labor Relations**

The Contractor shall not use any consideration received under the Contract to hinder, or to further, organization of, or collective bargaining activities by or on behalf of the Contractor's employees, except that this restriction shall not apply to any expenditure made in the course of good faith collective bargaining, or to any expenditure pursuant to obligations incurred under a bona fide collective bargaining Contract, or which would otherwise be permitted under the provisions of the National Labor Relations Act.

### **9.2 CONTRACTOR'S OBLIGATIONS UNDER HEALTH INSURANCE PORTABILITY & ACCOUNTABILITY ACT (HIPAA)**

The County is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Under this Contract, the Contractor provides services to the County and the Contractor receives, has access to, and/or creates Protected Health Information as defined in *Exhibit M* in order to provide those services. The County and the Contractor therefore agree to the terms of *Exhibit M, Contractor's Obligations As a "Business Associate" Under Health Insurance Portability & Accountability Act of 1996 (HIPAA)*.

### **9.3 LOCAL SMALL BUSINESS ENTERPRISE (SBE) PREFERENCE PROGRAM**

9.3.1 This Contract is subject to the provisions of the County's ordinance entitled Local Small Business Enterprise Preference

Program, as codified in Chapter 2.204 of the Los Angeles County Code.

- 9.3.2 The Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Local Small Business Enterprise.
- 9.3.3 The Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Local Small Business Enterprise.
- 9.3.4 If the Contractor has obtained certification as a Local Small Business Enterprise by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:
  - 1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;
  - 2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent of the amount of the contract; and
  - 3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any business that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the state and OAAC of this information prior to responding to a solicitation or accepting a contract award.

#### **9.4 OWNERSHIP OF MATERIALS – REPORTS AND RECORDS**

- 9.4.1 Upon expiration of this Contract, or in the event of cancellation, on the demand of the County Risk Manager or CCA, all documents, reports, records, case files, correspondence and work product relating to Contractor's operations under this Contract shall be immediately returned to the CCA or to such other location in the County as the CCA may direct. It is understood that all of the materials

described above are the property of the County and not of the Contractor herein.

- 9.4.2 During the term of this Contract and for five (5) years thereafter, the Contractor shall maintain and provide security for all of the Contractor's working papers prepared under this Contract. County shall have the right to inspect, copy and use at any time during and subsequent to the term of this Contract, any and all such working papers and all information contained herein.

## **9.5 TRANSITIONAL JOB OPPORTUNITIES PREFERENCE PROGRAM**

- 9.5.1 This Contract is subject to the provisions of the County's ordinance entitles Transitional Job Opportunities Preference Program, as codified in Chapter 2.205 of the Los Angeles County Code.
- 9.5.2 Contractor shall not knowingly and with the intent to defraud, fraudulently obtain, retain, attempt to obtain or retain, or aid another in fraudulently obtaining or retaining or attempting to obtain or retain certification as a Transitional Job Opportunity vendor.
- 9.5.3 Contractor shall not willfully and knowingly make a false statement with the intent to defraud, whether by affidavit, report, or other representation, to a County official or employee for the purpose of influencing the certification or denial of certification of any entity as a Transitional Job Opportunity vendor.
- 9.5.4 If Contractor has obtained County certification as a Transitional Job Opportunity vendor by reason of having furnished incorrect supporting information or by reason of having withheld information, and which knew, or should have known, the information furnished was incorrect or the information withheld was relevant to its request for certification, and which by reason of such certification has been awarded this contract to which it would not otherwise have been entitled, shall:
1. Pay to the County any difference between the contract amount and what the County's costs would have been if the contract had been properly awarded;

2. In addition to the amount described in subdivision (1), be assessed a penalty in an amount of not more than 10 percent (10%) of the amount of the contract; and
3. Be subject to the provisions of Chapter 2.202 of the Los Angeles County Code (Determinations of Contractor Non-responsibility and Contractor Debarment).

The above penalties shall also apply to any entity that has previously obtained proper certification, however, as a result of a change in their status would no longer be eligible for certification, and fails to notify the certifying department of this information prior to responding to a solicitation or accepting a contract award.

IN WITNESS WHEREOF, Contractor has executed this Contract, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Contract to be executed on its behalf by the Chair of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof, the day and year first above written.

CONTRACTOR: INTERCARE INSURANCE SERVICES

By *A. Hakeberg*  
Name  
CHIEF OPERATIONS OFFICER  
Title

COUNTY OF LOS ANGELES

By *Gloria B. Bente*  
Chair, Board of Supervisors

ATTEST:

SACHI HAMAI  
Executive Officer-Clerk  
of the Board of Supervisors



I hereby certify that pursuant to  
Section 25103 of the Government Code,  
delivery of this document has been made.

SACHI A. HAMAI  
Executive Officer  
Clerk of the Board of Supervisors

By *Donna Phana*  
Deputy

By *Donna Phana*  
Deputy

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.  
County Counsel

By *Raymond G. Fortner, Jr.*  
Principal Deputy County Counsel

8-4-08  
g/amr/Workers Comp RFP 2007 - 2008/Contract - FINAL

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

# 17

SEP 16 2008

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

## **EXHIBIT A**

### **STATEMENT OF WORK SECTION I - DEFINITIONS**

The following definitions apply to this Statement of Work describing the major responsibilities and duties of the County and the Contractor.

#### **1.0 ACCEPTABLE QUALITY LEVEL (AQL)**

A measure expressing the maximum allowable leeway or variance from a performance standard before the County will reject a specified service. An AQL does not imply that the Contractor may knowingly perform in a defective way. It implies that the County recognizes the fact of unintentional human error. If defective performance exceeds the minimum standards as described in the Quality of Work Performance Requirements Summary, a Contract Discrepancy Report (CDR) shall be issued. Additionally, wherever possible, the Contractor must re-perform all work to correct the identified defect(s).

Recognition of unintentional error does not relieve Contractor from the right of the County to make adjustments to payment to Contractor under Section III.

#### **2.0 ADDENDUM**

A document added to or supplanting portions of this Request For Proposal or a document added to or supplanting portions of the proposal submitted by the Contractor.

#### **3.0 ALLOCATED EXPENDITURES**

The term "Allocated Expenditures" or "Allocated Loss Expense" shall mean all carve-out fees or expense, Workers' Compensation Appeals Board or court costs, fees and expenses; fees for service of process; fees to attorneys and paralegals; the cost of services of outside undercover investigators or operatives and detectives; and vocational rehabilitation counselors; the costs of employing independent experts for the purpose of preparing maps, photographs, diagrams, analysis, or giving expert advice or opinions; the cost of copies of transcripts of testimony at Coroner's Inquests or criminal or civil proceedings; the photocopy cost of obtaining copies of any public records; the cost of depositions and court reporter fees; and any similar cost or expenses properly chargeable to the defense of a particular claim or to protect the subrogation rights of the County. Generally, the above services are typically not performed by the Contractor responsible for administration of the claim file. "Allocated Loss Expense" is not included in the fee paid to the Contractor.

#### 4.0 BASE FEE

The Base Fee is the flat, annual fee for the provision of all services. It includes all takeover (assumption) and transition costs. The Base Fee is subject to increase or decrease in accordance with Exhibit B, Payment Schedule, of the contract.

#### 5.0 CHIEF EXECUTIVE OFFICE (DEPARTMENT)

The Department of the Chief Executive Office of the County of Los Angeles.

#### 6.0 CHIEF EXECUTIVE OFFICER (CEO)

The Chief Executive Officer of the County of Los Angeles.

#### 7.0 CONTRACT DISCREPANCY REPORT

The Contract Discrepancy Report (Technical Exhibit X) is a report used by the County's Quality Assurance Evaluator to record contract information regarding discrepancies or problems with the Contractor's performance. If the Contractor's performance is judged unsatisfactory, the Quality Assurance Evaluator shall forward a Contract Discrepancy Report to the Contractor for response.

#### 8.0 CONTRACT START DATE

The term of this Contract shall commence on the date first herein above written and shall continue in full force and effect through December 31, 2013. Contractor's delivery of services hereunder shall commence at a date mutually agreeable to the parties but in no event shall the implementation date be later than 12:01 a.m., January 1, 2009.

#### 9.0 CONTRACTOR'S QUALITY CONTROL PLAN

This term shall mean all measures taken by Contractor to assure that the services described in Exhibit A, Section II, Statement of Work are provided at the highest possible level of quality.

#### 10.0 COUNTY

The County is the governmental entity, the County of Los Angeles.

#### 11.0 COUNTY'S CONTRACT ADMINISTRATOR (CCA)

The CCA is the designated agent of the County for the purposes of administering the County's self-insured workers' compensation program. The CCA is the Workers' Compensation Principal Analyst, CEO Risk Management Branch or his/her designee.

#### 12.0 COUNTY'S RISK MANAGER

The County's Risk Manager manages the comprehensive Countywide risk management program which includes loss prevention and control, claims and litigation management, risk transfer, risk financing and Risk Management Information System design and management.

#### 13.0 COUNTY COUNSEL

The governmental office of Los Angeles County providing legal counsel and related services to County officers and departments.

#### 14.0 COUNTY'S WORKERS' COMPENSATION RISK MANAGEMENT INFORMATION SYSTEM

The County installed workers' compensation system. The current version GENCOMP for Windows software modules were licensed to the County by GenSource Corporation. The system includes on-line input of claims, vocational rehabilitation and litigation data including all payment and salary continuation authorizations. The County Auditor-Controller issues all warrants pursuant to payment authorizations transmitted by the Risk Management Branch.

Should County change its workers' compensation risk management information system during the term of this Contract, Contractor shall expeditiously and completely convert to the County's new system, at a time of County's choosing, at sole expense to Contractor.

#### 15.0 CONTRACTOR'S CONTRACT MANAGER

The Contractor's Contract Manager is the designated officer or employee responsible for all actions needed to administer the contract.



## 16.0 INDEMNITY OR DISABILITY CASE

A claim involving one or more of the following: temporary disability due, ratable permanent disability anticipated, death of the claimant, application for adjudication of claim filed, liability undetermined, medical costs over \$3,500.00, benefits due more than six months after opening of case, and designation by the Claims Examiner.

## 17.0 MEDICAL-ONLY CASE

A non-litigated claim involving only medical payments which are not expected to exceed \$3,500.00. Indemnity payments are not anticipated.

## 18.0 NON-INCLUDED SERVICES (See Allocated Expenditures)

## 19.0 PERFORMANCE INDICATORS

Characteristics which are used to measure and evaluate work. The annual audit measures TPA performance on each of the indicators.

## 20.0 PERFORMANCE REQUIREMENTS SUMMARY (PRS) CHART

A chart located in Technical Exhibit IX, that summarizes adjustments to payments made to Contractor pursuant to Contract Terms and Conditions.

## 21.0 QUALITY OF WORK PERFORMANCE REQUIREMENTS SUMMARY (QWPRS)

The document which summarizes the key performance indicators.

## 22.0 QUALITY ASSURANCE EVALUATOR (QAE)

The Quality Assurance Evaluator is a County employee designated as an agent for the County responsible for monitoring the Contractor's performance, approving over limit payments, advising and training third party administrator staff in County payroll systems and other County procedures. At times this employee may be referred to as "County Monitor."

## 23.0 COUNTY QUALITY ASSURANCE MONITORING PLAN (QAMP)

The County may use a variety of inspection methods to evaluate the Contractor's compliance with the Agreement Standard Terms and Conditions (Statement of Work, Subsection 6.2 through 6.2.8).

#### 24.0 COUNTY'S QUALITY CONTROL PLAN

This term shall mean all measures taken by the Contractor to assure that the quality of an end-product or service will meet the County's contract requirements regarding timeliness, accuracy, appearance, completeness, consistency, and conformity to the requirements set forth in the QWPRS, Technical Exhibit VIII.

#### 25.0 RANDOM SAMPLE

A sampling method where each service output has an equal chance of being selected.

#### 26.0 RISK MANAGEMENT BRANCH

The organizational unit of the County's Chief Executive Office responsible for administration of the County's self-insured program for workers' compensation.

#### 27.0 TAKE-OVER CLAIM

An open claim or a closed claim which subsequently must be re-opened for a period of time for adjusting services.

#### 28.0 THREE POINT CONTACT

This term shall mean the contact, by the Contractor's examiner, of the injured employee or his legal representative, the appropriate County department personnel and the treating physician.

#### 29.0 USER COMPLAINT REPORT

The report submitted by an individual or group of individuals to record discrepancies or problems with the Contractor's performance. The Contractor may be required to respond to a User Complaint Report and may be part of a Contract Discrepancy Report.

#### 30.0 WORKDAY

Throughout the Statement of Work, whenever "workday" appears, it means a normal workday, Monday through Friday, 8:00 A.M. to 5:00 P.M., except County holidays. Except as noted in 1.3.7, Section II, Statement of Work.

## **EXHIBIT A – UNIT 3**

### **SECTION II - CONTRACTOR'S SERVICES**

#### **1.0 SCOPE OF WORK**

The Contractor shall provide workers' compensation claims administration services for all existing claims as well as all reopened or new claims reported during the Contract period for designated County departments. These County departments are referenced in Technical Exhibit III of this Contract.

The Contractor shall provide these services in accordance with the following standards:

1. Those specific standards and requirements set forth in this Contract.
2. To the extent a specific standard or requirement is not set forth in this Contract, those standards and requirements set forth in the State of California workers' compensation statutes, codes, regulations, or other governing statutes and regulations, including any amendment to these statutes and regulations during the term of this Contract.
3. To the extent a specific standard or requirement is not set forth in this Contract or the governing statutes and regulations, the specific standard or requirement set forth in the Change Notice signed by the CCA and the Contractor's Contract Manager.

#### **1.1 Program Development**

Contractor's responsibilities include but are not limited to the following:

- 1.1.1 Monthly review of procedures and practices with County personnel to ensure that the County's Workers' Compensation Program is in compliance with State requirements as well as with sound workers' compensation claims management as determined by the County.
- 1.1.2 Provide assistance in changing County policy and procedures to implement legislative changes or State rules and regulations which impact the County's workers' compensation program.

## 1.2 Claims Management

Contractor's responsibilities include but are not limited to the following:

- 1.2.1 Review and process all industrial injury cases in accordance with County standards, state statutes or laws and requirements of the State Department of Industrial Relations for reporting and notification. All liability decisions and required notices for those decisions will be made within 90 days, or less if required by State of California statutes or regulations, from the date of employer's knowledge of injury in accordance with law, including but not limited to Labor Code section 5402.
  - 1.2.1.1 The claims adjuster shall submit to the COUNTY QAE and FAX to the COUNTY department a checklist in the form indicated in Technical Exhibit VI for all indemnity claims where liability is undetermined at the following intervals subject to change at the discretion of the CCA:
    - 1.2.1.1.1 30 days from the date of employer's knowledge of injury
    - 1.2.1.1.2 60 days from the date of employer's knowledge of injury
    - 1.2.1.1.3 90 days from the date of employer's knowledge of injury
    - 1.2.1.1.4 Upon acceptance or denial of claim
  - 1.2.1.2 The claims examiner shall notify the COUNTY QAE of any claim or injury where the date of employer's knowledge of the injury is more than 30 days prior to the date of CONTRACTOR's knowledge of the injury.
- 1.2.2 Determine compensability of injuries and illnesses in accordance with State Workers' Compensation laws, including but not limited to the following:
  - 1.2.2.1 Obtain a medical report addressing the issue of AOE/COE within 90 days, or less as required by law, from the date of employer's knowledge of injury.
  - 1.2.2.2 Where there is evidence that a claimed injury is not work

related, deny the claim within 90 days, or less as required by law, of filing of the claim or within 90 days or less from the date of employer's knowledge in accordance with law, including but not limited to Labor Code section 5402.

- 1.2.3 Determine eligibility for and authorize temporary disability compensation benefits in accordance with medical advice and rehabilitation efforts. At no cost to the County, the Contractor shall report all indemnity workers' compensation claims to the Insurance Services Office, Inc. – ISO Claims Search.
- 1.2.4 Obtain County approvals in accordance with approval limits established by the CCA prior to the negotiation of any compromise and release agreement.
- 1.2.5 Determine the extent and degree of permanent disability, utilizing, as necessary and desirable, consultative ratings from the Disability Evaluation Unit of the Office of Benefit Determinations. Permanent Disability benefits shall be calculated in accordance with Labor Code Section 4658.
- 1.2.6 Authorize payments, in accordance with approval limits, for temporary and/or permanent disability compensation, medical care and death benefits in accordance with advisory ratings, or orders of the Workers' Compensation Appeals Board or compromise and release agreements.
  - 1.2.6.1 Ensure that all indemnity benefits are paid accurately by completing a Balance Sheet (Technical Exhibit XV) in accordance with County procedures and time frames.
- 1.2.7 Investigate, as necessary and appropriate, questionable cases and the status of disabled employees in order to assist in the adjustment, mediation and litigation of cases and in the proper referral of suspected fraudulent cases.
- 1.2.8 Take all necessary actions, including timely notification, to assist the County in recovering reimbursement for County liability through third-party subrogation, restitution, reinsurance, apportionment, and/or contributions from the State Compensation Insurance Fund on cases involving shared liability.

1.2.9 Provide the County's Risk Management Branch or the long-term and short-term disability claims adjusting contractor with copies of the employee's report of injury, medical reports from the workers' compensation files and the award letter and exchange other pertinent case information on those Workers' Compensation claims also having a long-term disability claim with the County for the same condition.

1.2.10 Provide the County aid and assistance in returning injured employees to their usual and customary or modified/alternate assignments in a timely manner.

1.2.11 If required by the County, review and process County attorney monthly invoices.

### 1.3 Medical Control

Contractor's responsibilities include but are not limited to the following:

1.3.1 Monitor treatment programs for injured or ill employees, including review of all medical reports to ensure reasonable fees, appropriate medical care, and determine need for specialty evaluations. Ensure that the treating doctor is complying with the requirements of Title 8, California Code of Regulations, section 9785.

1.3.1.1 File petition to remove treating doctors who fail to comply with California Code of Regulations, section 9785.

1.3.2 Make all necessary medical appointments.

1.3.3 Maintain close liaison with treating physicians to provide guidance to the employing County department in evaluating employee's ability to return to work and/or recommend further treatment program.

1.3.4 Evaluate and make recommendations for the panel of physicians who are utilized for the initial treatment of employees and the panel of physicians used for treatment requiring long-term treatment or specialty care and evaluation. Make on-going recommendations for updating of these panels.

- 1.3.5 Utilize information provided by and cooperate in the enforcement of any medical case management program and/or Medical Provider Networks implemented by the CCA for County claims including, but not limited to obtaining pre-certification for medical procedures through utilization review and requesting case management on older claims as needed or at County's request.
- 1.3.6 Provide written policies and procedures within 60 days of contract inception to ensure timely referrals of cases to managed care contractors and to maintain close coordination with managed care staff on a continuing basis.
- 1.3.7 In accordance with Labor Code 4600.4, maintain adequate staffing until 5:30 p.m. to authorize medical treatment.
- 1.3.8 Process bills and liens for medical legal expenses so as to either pay the bill or lien in accordance with the official fee schedule or object to the bill or lien within the period designated by law, including but not limited to Labor Code section 4622.
- 1.3.9 Process bills and liens for medical treatment expenses so as to either pay the bill or lien in accordance with the official fee schedule or object to the bill or lien within the period designated by law, including but not limited to Title 8, California Code of Regulations section 9792.5.
- 1.3.10 Prepare an affidavit regarding resolution of liens and submit the affidavit to COUNTY's representative or defense attorney at least 10 days prior to any MSC.

#### 1.4 Customer Service

Contractor's responsibilities include but are not limited to the following:

- 1.4.1 Provide information and guidance to injured employees on benefits they will receive in accordance with State laws as well as additional County work injury benefits.
- 1.4.2 Assist in identifying and resolving employee problems arising out of industrial injuries.

- 1.4.3 At County direction, at Contractor's sole expense, consult with employee groups, County departmental representatives, management, or central staff, on problems in accordance with County policies.
- 1.4.4 Develop and recommend policies and procedures to ensure that the employee's return to work is consistent with the findings of disability as determined by the Workers' Compensation Appeals Board.
- 1.4.5 At the request of the CEO, client departments, or defense attorneys, provide responses to inquiries, make available claim status reports (Technical Exhibit XVI), and attend County claim status reviews.

#### 1.5 Litigation and Subrogation

The County Counsel, or a designated private law firm, provides legal services for all County Workers' Compensation Claims. Contractor's responsibilities include but are not limited to the following:

- 1.5.1 Provide all necessary claims information and other assistance to legal counsel for the defense of litigated claims.
  - 1.5.1.1 Provide a copy of all notices of conferences, mandatory settlement conferences (MSCs) or hearings before the WCAB to County Counsel within five days from date of receipt.
  - 1.5.1.2 All litigation files will be prepared and sent to County Counsel within 45 days from the date the WCAB application or notice of representation is received.
  - 1.5.1.3 Forward all medical reports and correspondence from applicant or applicant's attorney to County's defense attorney within five days from date of receipt.
  - 1.5.1.4 Provide to County's defense attorney a complete summary of all benefits paid (amounts and periods) to the injured employee along with a completed Balance Sheet, at least ten days prior to any MSC and provide an updated summary as necessary for other WCAB proceedings.
  - 1.5.1.5 Correspondence, telephone calls, and e-mail from defense attorney's will be responded to within two



weeks or sooner if the correspondence is urgent in nature, e.g. necessitated by an upcoming WCAB appearance date.

1.5.2 Monitor and report to County Risk Management Branch all claims with potential subrogation recoveries; prepare correspondence to effect collection or, at the request of the County, refer subrogation claims information to County Counsel for subrogation recovery assignment. Provide necessary information and assistance to legal counsel or Risk Management Branch assigned the subrogation claim.

1.5.3 Provide a written status report on open litigated and subrogated cases as requested. Parameters of this report will be established by CCA.

#### 1.6 Rehabilitation Services

When medically appropriate, Contractor shall coordinate implementation of rehabilitation plans for injured employees for approval by the County, the employee and other agencies, to provide rehabilitation, re-training or re-assignment for employees with physical or performance limitations resulting from industrial injuries, pursuant to Labor Code Section 139.5.

Contractor's responsibilities include, but are not limited to the following:

1.6.1 Manage all rehabilitation cases including evaluation, control, monitoring and selection of duly licensed professional rehabilitation service providers.

1.6.2 Determine initial rehabilitation efforts for each injured employee with primary emphasis on returning employees to work in the County through job modification or re-assignment to a position compatible with the worker's medical capacities.

1.6.2.1 If placement within the County is not possible, rehabilitation efforts are to be directed at returning employees to other gainful employment.

1.6.3 Determine if injured workers are entitled under provisions of Labor Code Section 139.5 to receive temporary disability or rehabilitation maintenance allowance, the services of a rehabilitation counselor, a program of retraining and placement, and reimbursement for costs directly related to the rehabilitation plan.

1.6.4 Represent the County at formal and informal hearings before the State Rehabilitation Unit.

1.6.5 Coordinate the above-mentioned activities with other interested or related County programs and agencies.

1.6.6 Determine if injured workers are eligible for supplemental job displacement benefits pursuant to Labor Code Section 4658.5.

1.6.7 Provide injured workers with required rehabilitation and supplemental job displacement notices in compliance with State requirements.

1.7 Return to Work Program

Under direction of CCA, Contractor will support County departments to ensure aggressive implementation of the County's Return-To-Work Program, and compliance with statutory requirements.

1.8 Special Investigation Unit (SIU)

At no cost to the County, the Contractor within 30 days of contract inception shall develop written policies and procedures relating to the identification, investigation and prosecution of potential fraud cases.

1.8.1 At no cost to the County, the Contractor will provide SIU training to key personnel within 60 days of contract inception to ensure aggressive, cost effective investigation and appropriate referrals to the Department of Insurance and District Attorney.

1.9 Claims Payments - Accounting Controls

Contractor shall approve claims for payment and, as directed by CCA, shall input and process same for payment by the County's workers' compensation risk management information system, financial or accounts payable system.

1.9.1 Claims Processing

Contractor's responsibilities include but are not limited to the following:

1.9.1.1 Establish and maintain control procedures and necessary documentation to process and reject, settle, compromise or approve benefit claims against the County in accordance with Section 31000.8 of the Government Code.

1.9.1.2 Payments shall be input to the County's workers' compensation risk management information system for payment of benefits and other claims file expenses.

1.9.1.3 There must be an adequate separation of duties between Contractor personnel who process and enter data. Individuals responsible for the input of transactions should not be involved in the release of these transactions. In addition, individuals responsible for the creation of a claim file and/or address changes should not input or release transactions.

1.9.1.4 Sufficient checks and balances should exist to ensure compliance with established procedures and controls. An appropriate separation of duties is a key control in this regard.

#### 1.10 Physical Security

The Contractor shall be responsible for safeguarding all County claims and property provided for the Contractor's use or in the Contractor's care, custody and control. At the close of each workday, checks, cases, files, supplies, equipment and computer access shall be secured by the Contractor.

#### 1.11 Data Security

Contractor shall provide a means of and be responsible for restricting access to the files, applications, and computer terminals to only authorized persons.

### 2.0 SUMMARY OF OTHER RESPONSIBILITIES

#### 2.1 Reporting Requirements and County Administrative Controls

The Contractor shall comply with all County Workers' Compensation Claims Administration Policies and Standards, which will be provided by the CCA, and is responsible for overall coordination and integration of claims services. At the sole discretion of the County, the Contractor shall take all necessary steps to reduce costs, increase productivity and to enhance the quality and the level of claims administration.

Prior to contract implementation, the Contractor and the CCA shall prepare a list of required reports and records, with time deadlines. The reports required to be provided by the Contractor may include, but are not limited to:

### 2.1.1 Monthly Reports

2.1.1.1 A report detailing the cases received and action taken in accordance with a format and data elements developed by the County in cooperation with the Contractor.

2.1.1.2 Statistical and narrative reports to assist the County in evaluating its workers' compensation program.

2.1.1.3 A statistical and narrative report on outstanding issues to be addressed at Performance Evaluation Meetings (see Exhibit A, Section II, Paragraph 6.5).

### 2.1.2 Quarterly Reports

A written status report on selected open cases. Parameters and scope of this report will be established by CCA.

### 2.1.3 Annual Report

A comprehensive annual statistical summary and narrative report to serve as the basis of the workers' compensation program and to permit preparation of reports required by the State Department of Industrial Relations.

### 2.1.4 Employee Records

The Contractor shall keep a current and accurate list of all its employees providing services under this contract. The list shall include each employee's name, date of employment, current address, phone number, current salary and any additional data on licensing background, behavior or job performance pertinent to the provision of the contract.

The Contractor shall retain and provide to the County upon request a copy of the Employment Application and/or Employee Resume for all employees assigned to the County Program.

### 2.1.5 Other Reports

Contractor shall furnish upon County's request loss runs for managerial, loss control, actuarial or financial purposes. The actuarial reports shall be electronically transmitted to County's designated actuary in the format required by the actuarial firm.

## 2.2 Case File Record Retention

All medical only case files will be retained for ten years from the date of injury. All indemnity case files which do not involve permanent disability payment and have no payment activity for five years will be retained for ten years from the date of injury. All indemnity case files which involve payment activity within the last five years and cases with permanent disability payments or awards for lifetime medical treatment will be retained indefinitely. No claims will be destroyed without CCA approval and the Contractor will be responsible for storage of all files within the above criteria during the term of this contract. Presently, there are approximately 3,000 boxes of closed files in Unit 3.

## 2.3 Staffing/Organization

The Contractor shall be responsible for providing sufficient and competent staff to fulfill the contract and shall have complete flexibility for establishing an effective management and organizational structure. Adjustments in staffing based upon fluctuations in caseload shall be subject to approval of CCA. Contractor shall have at least one non-caseload carrying contract manager. Additionally, Contractor shall have at least one non-caseload carrying claims supervisor for every six claims examiners. Contractor shall have at least one claims assistant for every two claims examiners and one clerk for every four claims examiners. In addition to the staffing requirements in the preceding sentence, Contractor shall have at least one non-caseload bearing quality assurance auditor at the level and experience of a claims supervisor. Average caseloads for Contractor claims examiners shall not exceed 175 open indemnity claims. Contractor claims assistant and clerk to claims examiner ratios may be revised in the event average caseloads are reduced to 150 or 125 open indemnity claims.

Claims assistants shall be capable of handling medical only claims and other support duties such as: obtaining medical updates, calculating routine temporary disability payments, identifying cases for assignment to medical case management, etc.

Contractor's claims and management staff shall exclusively administer County cases in a dedicated unit. The Contractor must assure provision of services to the County in the event of an Act of God or employee shortage or strike. Contractor shall be responsible for assuring that staff comply with performance requirements outlined in Technical Exhibit VIII.

Contractor claims assistant and clerk to claims examiner ratios will increase in the event average caseloads are reduced to 150 or 125 open indemnity

claims. In no event shall the number of claims assistants and clerks be less than that required to staff at the 175 claim caseload.

#### 2.4 Medical Cost Containment

The Contractor shall ensure that all statements for medical benefits are reviewed and all amounts authorized for payment have been determined in accordance with the Official Medical Fee Schedule adopted by the Administrative Director of the Division of Workers' Compensation. Contractor shall ensure that duplicate medical payments are not sent for fee review. The Contractor shall utilize County medical panels, medical provider networks, Preferred Provider Organizations (PPO), hospital and other medical utilization review services, and managed medical care services as directed by the County. All TPA subcontractors or vendors shall be subject to prior review and approval by the County Contract Administrator (CCA).

Should County wish to add County medical panels, medical provider networks, or a secondary Preferred Provider Organization to enhance services provided by County's current fee review/PPO vendor, Contractor will coordinate the services of the primary and secondary vendors to achieve seamless integration of their services.

#### 2.5 Authority Limits

The CCA shall establish a schedule of authority limits and referrals, for all personnel approving indemnity, medical or County salary continuation benefits (see Technical Exhibit XI).

#### 2.6 Certification

The Contractor shall possess a valid "Certificate of Consent to Administer Self-Insured Employers Workers' Compensation Claims." Possession of such certificate shall be required during the entire contracted period of performance. A separate certificate is required for each adjusting location operated by third-party administrator (Labor Code Section 3702.1).

#### 2.7 Settlement, Negotiations

The Contractor shall obtain written approval from a designated representative of the County as required by approval levels established by the CCA, prior to the initiation of negotiations relating to a compromise and release agreement.

#### 2.8 Support Services

The County has contracts with a number of private firms to provide medical management and cost containment services. The Contractor shall use only those firms approved by the County.

The Contractor shall assist the County in maintaining a panel of private firms that provide services peripheral to the management of workers' compensation claims: AOE/COE and sub-rosa investigation services, risk management consultants, arbitrators/mediators, record copying services, subpoena services, vocational rehabilitation services, etc. These private firms shall meet the minimum requirements established by the CCA or his/her duly authorized designee. The Contractor shall use only these firms and shall utilize a rotational system for making assignments, unless otherwise instructed by the CCA.

## 2.9 Computer Interface

The County has license to use and has installed a computer software system for the workers' compensation claims administration. (For description see workers' compensation risk management information system in Definitions, Section I, Paragraph 14.0 of this Part of the Agreement). The Contractor shall interface with this system by provision of a local area network, having (minimally) Pentium 4 2.0 GHz PCs with 256 megabytes of RAM, with Windows 2000 or XP operating system, and ethernet connection (or other acceptable connection) and telephone link-up, T-1 lines or other compatible or better electronic interface having sufficient capacity to achieve optimal processing in the Windows environment. The equipment list to connect to workers' compensation risk management information system is provided in Technical Exhibit VII of this Contract.

The Contractor shall maintain the capacity to send and receive e-mail for each claims examiner assigned to County cases. Contractor shall comply with CCA specified e-mail protocol dealing with content and confidentiality when using e-mail for County cases.

## 2.10 Computer Data Maintenance

Contractor shall, on a daily basis, accurately and thoroughly input, update and maintain all data fields on the County's workers' compensation risk management information system for all cases administered by Contractor.

## 3.0 COUNTY FURNISHED ITEMS

3.1 County shall arrange for the release of all case files for pick-up by the Contractor prior to the start date of the contract as described below in

Section 3.2 of this Part of the Agreement.

### 3.2 Orientation/Transition

County will provide orientation to the County's workers' compensation risk management information system for key Contractor personnel prior to the start date of the Contract. Contractor shall not be reimbursed for any expenses during orientation or training.

### 3.3 Changes in Reporting Requirements/Approvals

The County reserves the right to final review and approval of the format on all reports, to request additional reports and/or request changes to existing reports, during the term of this Contract.

## 4.0 CONTRACTOR FURNISHED ITEMS

### 4.1 General

The Contractor shall furnish all personnel, work space and work stations, furniture, transportation, supplies, equipment, materials and other items necessary to perform all services required by this Statement of Work, except those listed in Section 3.0 or those listed in Technical Exhibit VII related to the workers' compensation risk management information system. Generally, the categories for such services are:

#### 4.1.1 Personnel and Performance Standards

The Contractor shall provide all personnel necessary to comply with the representations made in Contractor's proposal and addenda thereto as required for services hereunder including but not limited to Quality of Work Performance Requirements Summary as outlined in Technical Exhibit VIII.

#### 4.1.2 Equipment

The Contractor shall provide any equipment or furniture necessary to meet the Contract requirements.

#### 4.1.3 Files, Records and Reports

The Contractor shall maintain and provide accurate and complete financial and other records and files of workers' compensation claims as well as reports of its activities and operation as required under this Contract. The Contractor is responsible for the effective and



responsive handling of all mail pertaining to County workers' compensation claims. This includes forwarding misdirected mail to the appropriate third party administrator within five business days.

#### 4.1.4 Local Office, Expenses

The Contractor shall maintain an office in the County of Los Angeles or in an adjacent County and within a 75 mile radius of the Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012, for the administration of County claims. The Contractor shall have a toll free "800" telephone number. The Contractor shall pay out of its own resources, all costs and charges in connection with its work or services offices, office furnishing and supplies, except as otherwise provided in this Contract.

#### 4.1.5 Courier Service, Vehicles

The Contractor shall provide a daily courier service between the Contractor's office and such County offices as are designated in writing by the CCA. A schedule shall be established for the pick-up and delivery of all claim files, claims mail and related items. The Contractor shall pay the costs of such services out of its own resources, including any and all expenses involved in transferring case files to the Contractor at the beginning of the Contract.

#### 4.1.6 Orientation/Transition

The Contractor shall provide sufficient management support and staffing to effect an orderly transition.

In the event of expiration or prior termination of the Contract, Contractor shall cooperate with the County to provide for the transition to whatever service replacement method County determines to be in its best interest.

#### 4.1.7 Work Space for County Staff

Contractor shall provide safe, adequate and ergonomically sound work space, complete ergonomically correct furniture and work station including workers' compensation risk management information system computer access and e-mail, telephone and facsimile service, and free parking for two full-time County monitors and adequate temporary work space and work station and free parking for other County staff as necessary for required program auditing or monitoring.

#### 4.1.8 Work Space for Fee Review and Case Management Vendors

Contractor shall provide adequate, onsite workspace for case management and fee review personnel if deemed necessary and appropriate by the CCA.

#### 4.1.9 Contractor – Provided Forms

Contractor shall provide all County or state-required forms (e.g., DWC1, 5020) to client departments.

#### 4.1.10 Claims Administration Procedure Manual and Business Continuity Plan

Within six months of contract award, Contractor will provide a "Claim Administration Procedure Manual" describing policies and procedures for the administration of County cases detailing approval limits, responsibilities, reporting requirements, review of legal services billing, etc. Such manual shall be provided to and utilized by Contractor claims staff handling County claims and to the CCA.

In addition, the Contractor will provide a written Business Continuity Plan describing a structured and integrated process that ensures uninterrupted provision of critical services related to this Contract following an event which could interrupt these business operations. The plan shall include, but not be limited to, the following:

1. A description of critical services and business processes.
2. Contractor policies and procedures to assure continued business operations following an event.
3. Address, computer, telephone, facsimile, key contact and all other critical information concerning alternative business processes and/or location(s) following an event.

Contractor shall provide CCA with annual plan updates on the annual anniversary of the Contract.

This plan is subject to the County's review. The CCA shall not be required to identify, nor notify Contractor of, deficiencies in the Contractor's Business Continuity Plan. The County shall neither assume responsibility nor liability for the Contractor's Business Continuity Plan.

#### 4.1.11 Computer Interface

The Contractor shall interface with the County's workers' compensation risk management information system by provision of a local area network, having (minimally) Pentium 4, 2.0 GHz PCs with 256 megabytes of Ram, with Windows 2000 or XP operating system, and ethernet connection (or other acceptable connection) and telephone link-up, T-1 lines or other compatible or better electronic interface having sufficient capacity to achieve optimal processing in the Windows environment. The equipment list to connect to workers' compensation risk management information system is provided in Technical Exhibit VII of this Contract.

Should County deem Contractor's computer interface to be insufficient to achieve optimal processing of County claims, Contractor shall upgrade the deficient equipment or electronic interface capabilities to the satisfaction of the County at Contractor's sole expense.

Should County change its workers' compensation risk management information system during the term of this Contract, Contractor shall convert to the County's new system, at a time of County's choosing, at Contractor's sole expense.

#### 4.1.12 Contractor Preferred Provider Network

Should County wish to add a County medical panel or secondary Preferred Provider Organization to enhance the services provided by County's current fee review/PPO vendor, and Contractor has a Preferred Provider Organization, Contractor will provide these services at the same price as County's primary vendor and will coordinate the services of the primary and secondary vendors to achieve seamless integration of their services.

#### 4.1.13 Training Required for Claims Adjusters

Should the Contractor develop, offer, and implement a training program in compliance with California Code of Regulations, Title 10, Chapter 5, Section 2592, the training program shall be made available, at no cost to the County, to two County Quality Assurance Evaluators per year.

### 5.0 PERSONNEL

#### 5.1 Key County Personnel - County Contract Administrator (CCA)

5.1.1 The County shall inform the Contractor of the name, address and

telephone number of the CCA in writing at the time the Contract is awarded.

- 5.1.2 The CCA or designee shall be responsible for and have full authority to oversee and monitor the Contractor's performance in the daily operation of the Contract.
- 5.1.3 The CCA or designee shall provide direction to the Contractor in areas relating to County policy and procedural requirements.
- 5.1.4 The Contractor shall immediately remove, at the CCA's request, any Contractor or Contractor subcontractor employee or agent providing services for the County under this Contract.
- 5.1.5 In the event of a dispute regarding substantive questions, the CCA's interpretation shall prevail including without limitation, interpretation of Federal, State and local laws, civil procedures, legal process, court rules and administrative regulations.
- 5.1.6 The CCA or designee shall not be authorized to make any changes in the terms and conditions to the Contract or obligate the County in any way whatsoever.

## 5.2 Key Contractor Personnel - Contractor Contract Manager

- 5.2.1 The Contract Manager or designee shall have a minimum of three years experience in supervising or managing third-party workers' compensation claims administration services for California workers' compensation claims.
- 5.2.2 The Contractor shall provide upon award of Contract, the name, address and telephone number of the Contract Manager or designee who shall be responsible for administering the Contract.
- 5.2.3 The County shall have sole discretion to approve Contract Manager and any replacement recommended by Contractor.
- 5.2.4 The Contractor's Contract Manager or designee approved by the County shall be responsible for the daily administration and supervision of program operations and have full authority to act for the Contractor on all contract matters relating to daily operations. Contract Manager will not be assigned any workers' compensation claims.
- 5.2.5 The Contractor's Contract Manager shall be exclusively assigned to

the County's account.

5.2.6 The Contract Manager or designee shall be able to read, write, speak and understand English.

5.2.7 The Contract Manager or designee shall provide the CCA with the Contract Manager's emergency telephone number and be available between 8:00 A.M. and 5:00 P.M., Monday through Friday except County holidays.

5.3 Contractor Personnel - Workers' Compensation Claims Supervisors

5.3.1 Claims Supervisors shall have a minimum of five years experience in adjusting a caseload of California workers' compensation indemnity claims. Equivalent or substitute experience may be approved by the CCA. Supervisors will not be assigned any workers' compensation claims.

5.3.2 Claims Supervisors employed by the Contractor shall be able to read, write, speak and understand English.

5.4 Contractor Personnel - Workers' Compensation Claims Examiners

5.4.1 At least 75% of the claims examiners shall have a minimum of three years experience in the adjustment of California workers' compensation indemnity claims. Equivalent or substitute experience may be approved by the CCA.

5.4.2 Up to 25% of the claims examiners may be examiner trainees. Examiner trainees must receive ongoing training and close supervision. The experience requirements to enter the examiner training program and the training program, itself, are subject to approval of the CCA. Guidelines for candidate selection into an examiner training program are:

5.4.2.1 Two or more years as a Claims Assistant; or

5.4.2.2 One year as a Claims Assistant with a Certificate from the Insurance Education Association (IEA) or Self-Insurance Administrator Certificate from the Division of Workers Compensation; or

5.4.2.3 One year experience as a Claims Assistant specifically on the County account.

- 5.4.3 Claims Examiners employed by the Contractor shall be able to read, write, speak and understand English.

## 6.0 CONTRACTOR PERFORMANCE

### 6.1 Contractor Quality Control Plan

The Contractor shall establish and maintain a Quality Control Plan to assure that the requirements of the Contract are met and sound financial accounting records and procedures are maintained. The plan shall include, but not be limited to, the following:

- 6.1.1 The methods for assuring and verifying that the minimum requirements for Claims Examiners are met, including a formal training program for Claims Examiner Trainees.
- 6.1.2 A system for monitoring compliance with financial accounting standards and all the services listed in this Section. It must specify the activities to be inspected/audited on either a scheduled or unscheduled basis, how often inspections/audits will be accomplished, and the title of the individual(s) who will perform the inspections/audits.
- 6.1.3 The Contractor shall engage an independent public accounting firm to perform a Statement of Auditing Standards (SAS) No. 70 (Type II) audit. Such audit shall be performed once per year. The Contractor shall submit the Service Auditor's Report to the County within seven days after receipt
- 6.1.4 The methods for identifying and preventing deficiencies in the quality of service performed before the level of performance becomes unacceptable.

### 6.2 County Quality Assurance Monitoring Plan (QAMP)

The monitoring of the Contractor's compliance to the requirements outlined in the Contract may be performed through the use of either or both the County staff and an independent, outside auditor.

At the sole discretion of the County, a variety of methods may be used to evaluate the Contractor's performance, including but not limited to:

- 6.2.1 Monthly one-hundred percent inspection of files, databases, logs, reports and other information.

- 6.2.2 A comprehensive and complete audit conducted annually beginning the second year of this Contract.
- 6.2.3 Inspecting the appropriate employment documentation to verify that Claims Examiners meet the minimum qualifications and experience.
- 6.2.4 Complaints received by County Risk Management Branch.
- 6.2.5 Monitoring the timeliness of responses from the Contractor against the time a request for work or service is made by the County.
- 6.2.6 Staff/user complaints.
- 6.2.7 Sampling of claims, records, reports, and logs.
- 6.2.8 Other methods deemed by the County to be appropriate for the evaluation of the Contractor's work or financial performance.

The County shall monitor the Contractor's performance under this Contract. The County's procedure may include but not necessarily be limited to those specified in Technical Exhibit VIII, Quality of Work Performance Requirements Summary. All monitoring observations shall be recorded. Significant deviation from performance standards as indicated in Technical Exhibit VIII, may result in Contract termination.

### 6.3 Acceptable/Unacceptable Performance

If performance standards or financial discrepancies are noted by County or its authorized auditor, a Contract Discrepancy Report shall be issued to the Contractor.

### 6.4 Contract Discrepancy: Actions To Be Taken

If discrepancies from performance or financial standards are noted by the County, a Contract Discrepancy Report shall be issued to the Contractor.

#### 6.4.1 Contractor Response

Upon receipt of a Contract Discrepancy Report, the Contractor shall respond in writing to the CCA within five working days acknowledging the reported discrepancy/discrepancies or presenting contrary evidence and a program for immediate correction of all failures in performance that have been identified.

#### 6.4.2 County Response

At the discretion of the County, the CCA shall evaluate the Contractor's explanation and determine what further action, if any, should be taken. Continued failure on the part of the Contractor to perform at an acceptable level shall constitute grounds for contract termination and suspension of further payments by the County as defined in the Quality of Work Performance Requirements Summary, Technical Exhibit VIII.

#### 6.5. Performance Evaluation Meetings

The Contractor's Contract Manager of Workers' Compensation Claims Administration shall meet with the CCA or his/her designee at regularly scheduled intervals, as determined by the CCA, during the term of the contract. The purpose of such meetings shall be dissemination of information from the County to the Contractor, and the discussion of policy and procedural matters relevant to the Contractor's performance and the County Risk Management's monitoring function, including a discussion of the monthly report on all outstanding issues.



## **EXHIBIT A – UNIT 3**

### **SECTION III - CONTRACTOR PAYMENT AND ADJUSTMENTS TO PAYMENT**

#### **1.0 PAYMENT AND ADJUSTMENTS TO PAYMENTS**

##### **1.1 Payment**

##### **1.1.1 Base Monthly**

The County shall pay the Contractor on a fee basis as set forth in the Payment Schedule. Payment for assumption and administration of all take-over claims is included in this fee. The County will not make and Contractor is not entitled to any additional payment for the assumption or administration of any take-over claim.

##### **1.1.2 Monthly Invoice and Adjustment to Monthly Invoices**

The Contractor shall invoice the County monthly in arrears for fees due for the billing period. The invoices shall clearly reflect and provide reasonable detail as determined by the County of the services provided.

The County will adjust the invoice as follows and pay the invoice within 60 days of receipt:

1.1.2.1 The County may reduce the monthly invoice for assessments of adjustments to payments for which the County has notified the Contractor pursuant to Paragraphs 1.2.2 and 1.2.3 of this Section.

1.1.2.2 The County shall increase or reduce the monthly invoice pursuant to the provisions of Paragraphs 2.1, 2.2, and 2.3 of this Section.

1.1.2.3 The County may increase or reduce the monthly invoice pursuant to Paragraphs 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10, and 2.11 of this Section provided the County has notified the Contractor of its intention to increase or reduce pursuant to these Paragraphs at any time prior to the monthly fees becoming due.

1.1.3 The total fees paid will be reduced for overpayments, fines, penalties and other costs incurred due to the Contractor's failure to comply with any term or condition of this Contract as further set forth in Paragraph 1.2, Adjustments to Payments to Contractor.

1.1.4 The total fees paid will be reduced or increased pursuant to Paragraphs 2.1 through 2.11 of this Section.

1.1.5 The County's payment is subject to adjustment following audit as set forth in Paragraph 3.0.

## 1.2 Adjustments to Payments to Contractor

The Contractor shall reimburse the County for any overpayment, fine, penalty or other cost incurred due to the Contractor's failure to comply with State of California workers' compensation statutes, codes, regulations, or any term or condition of this Contract.

1.2.1 Such failure includes, but is not limited to, the following:

1.2.1.1 Late payment or nonpayment of any benefit to any applicant or medical provider resulting in penalty or attorney fees.

1.2.1.2 Overpayment of any benefit owed to any applicant, any lien claimant, or other party in a case due to Contractor's failure to comply with the performance standard set forth in Exhibit A, Section II, Paragraph 1.0.

1.2.1.3 Excessive payment of any benefit to any applicant, lien claimant, or other party in a case due to Contractor's failure to comply with the performance standard set forth in Exhibit A, Section II, Paragraph 1.0.

1.2.1.4 Fines and/or administrative penalties assessed against the County due to the Contractor's failure to comply with the performance standard set forth in Exhibit A, Section II, Paragraph 1.0.

No reimbursement by the Contractor is required under this section if Contractor's act(s) and/or omission(s) occurred during the first four (4) months of the contract term or were expressly approved or directed by an authorized County representative.

### 1.2.2 Notice of Assessment of Adjustments to Payments

The County shall give notice to the Contractor of any assessment of adjustments to payments pursuant to this Paragraph 1.2. The Contractor shall have 60 calendar days to respond in writing to the notice. If the Contractor does not respond to the notice within 60 days, the Contractor shall lose its right to dispute the assessment. The response shall include, but not be limited to, one or more of the following:

1.2.2.1 Evidence that a penalty was not incurred or an overpayment or excessive cost was not made.

1.2.2.2 Evidence that the Contractor's act(s) and/or omission(s) did not cause the penalty, overpayment, or excess cost.

1.2.2.3 Evidence that Contractor obtained prior written approval from an authorized County official.

### 1.2.3 Second Level Dispute Resolution Process

If, after receipt of Contractor's response to County's notice of assessment of adjustment to payments, the County and Contractor are in disagreement, a second-level dispute resolution process will be conducted. The CCA or his/her appointed designee and an appropriate Contractor designee shall review the evidence and resolve the dispute. The second level dispute resolution process shall be completed within 60 calendar days.

At the end of the second-level dispute resolution process, County shall be entitled to reduce Contractor's monthly invoices for assessments of adjustments to payments.

## 2.0 PERFORMANCE INCENTIVES

2.1 At sole discretion of the County, mutually beneficial performance and financial incentives shall be applied as follows:

<u>Performance Index (%)</u>	<u>Incentive Payment (%)</u>
Less than 75%	Base Fee minus 4.5%
75% - 79%	Base Fee minus 1.5%
80% - 84%	Revenue neutral
85% - 89%	Base Fee plus 1.5%
90% - 94%	Base Fee plus 3.0%
95% or over	Base Fee plus 4.5%

2.2 The performance index shall be determined by random-sample audits commencing no later than the end of the second contract year and conducted at least annually thereafter by County Quality Assurance Evaluators for compliance with standards set forth in the Quality of Work Performance Requirement Summary described in Technical Exhibit VIII. The CCA may update the areas to be audited and the factors to be considered in determining the performance index.

2.3 Any increase or decrease under Sub-paragraph 2.1 shall be calculated using the Base Fee at the time audited work was performed by the Contractor. Payment can be made by lump sum within 60 days after the County submits the final audit results, or by equal monthly installments over a one-year period commencing within the same 60-day period.

2.4 Fee Reduction for Failure to Meet Staffing Levels

If Contractor staffing levels do not meet the requirements of Exhibit A, Section II, Paragraph 2.3, County shall reduce Contractor's monthly invoice by \$7,000.00 for each aggregate thirty calendar days a position is vacant.

2.5 Fee Reduction for Failure to Develop and Implement Procedure Manual and Business Continuity Plan

If the claims administration procedure manual and the business continuity plan required in Exhibit A, Section II, Paragraph 4.1.10 and the Quality Control Plan required in Exhibit A, Section II, Paragraph 6.1, are not developed and actively implemented and integrated into the County claims unit within 180 days of contract inception date, payments shall be reduced to Base Fee less 5% until these requirements are met.

2.6 Fee Reduction for Failure to Timely Forward Litigation File

For every litigation file received by County Counsel more than 45 days after receipt of the WCAB application or notice of representation, the County shall reduce Contractor's current monthly invoice by \$1,000.00.

No reduction in Contractor's fees is required under this section during the first four months of the Contract term.

2.7 Fee Reduction for Failure to Timely Complete 30 Day Checklist

For every indemnity claim where the checklist specified in Exhibit A, Section II Paragraph 1.2.1.1 is not submitted to the QAE and the County Department within 30 days from the date of employer's knowledge of injury, County shall reduce Contractor's monthly invoice by \$300.00. This fee reduction shall not apply to indemnity claims where the date of employer's knowledge of the injury is more than 20 days prior to the date of Contractor's knowledge of the injury.

No reduction in Contractor's fees is required under this section during the first four months of the Contract term.

2.8 Fee Reduction for Failure to Make a Liability Decision within 90 days or less as required by law of Date of Employer's Knowledge of Injury.

For every claim where the Contractor fails to make a liability decision within 90 days or less as required by law of the date of employer's knowledge pursuant to Exhibit A, Section II, Paragraph 1.2.2, County shall reduce Contractor's monthly invoice by \$1,000.00. This fee reduction shall not apply to indemnity claims where the date of employer's knowledge of the injury is more than 30 days prior to the date of Contractor's knowledge of the injury.

No reduction in Contractor's fees is required under this section during the first four months of the Contract term.

2.9 The reduction in Paragraphs 2.4 through 2.8, inclusive, are separate and distinct from any reduction or increase provided for in Paragraphs 2.1 through 2.3, inclusive. This reduction shall be in addition to any adjustment under Paragraph 1.2. The provisions of Paragraphs 2.4 through 2.8, inclusive, are in effect through out the term of this Contract and are separate and distinct from the performance standards and performance index of Paragraphs 2.1 through 2.3, inclusive. All Contractor discrepancies and failure under Paragraphs 2.1 through 2.8, inclusive, will be processed pursuant to Paragraphs 6.3 and 6.4 of Section II.

2.10 Fee Increase for Subrogation Recoveries

For every claim initially identified, and reported as necessary, by Contractor for subrogation recovery, and recovered within the contract period, Contractor shall receive five percent of the County net recovery, not to exceed \$1,000.00.

2.11 Fee Increase for Facilitation of Return to Work

The CCA, or designee, may award a bonus where, in the opinion of the CCA, the Contractor provides exceptional effort in the Return to Work process and that effort leads to an offer of modified work. In no event shall this bonus exceed \$250.00.

2.12 Fee Reduction for Withdraws of Los Angeles County Superior Court (Superior Court) from account.

If the Superior Court withdraws from the account, the County and Contractor agree the annual fee shall be reduced commensurate with the reduction in Contractor's direct costs (Intercare Insurance Services Proposal dated February 28, 2008). The reduction in annual fee shall become effective upon termination of the Contractor's obligation to administer the Superior Court claims, and shall be in effect for the remainder of the Contract.

3.0 ADJUSTMENT TO PAYMENTS FOLLOWING AUDIT

If, at any time during the term of this Contract or five years after the expiration or termination of this Contract, authorized representatives of the County conduct an audit of the Contractor regarding the services provided to the County hereunder and if as a result of such audit it is determined that the County's dollar liability for such services is less than payments made by the County to the Contractor, then the Contractor agrees that the difference, at the CCA's option, shall be either: (1) repaid forthwith by the Contractor to the County by cash payment, or (2) credited against any future payments hereunder to the Contractor.

If as a result of such audit it is determined that the County's dollar liability for services provided hereunder is more than payments made by the County to the Contractor, then the difference shall be paid to the Contractor by the County provided that in no event shall the County's maximum obligation exceed the amount appropriated by the Board of Supervisors.

8-6-08

g/amr/WC TPA RFP 2008/Contract – Exhibit A – Statement of Work – FINAL 8-6-08



**EXHIBIT B  
PAYMENT SCHEDULE**

175 ANNUAL CLAIM CASELOAD

INTERCARE INSURANCE SERVICES (UNIT 3)

County shall pay Contractor the following annual fee:

	<u>ANNUAL</u>	<u>MONTHLY</u>
<b>YEAR 1</b>	<b>\$7,520,688.00</b>	<b>\$626,724.00</b>
<b>YEAR 2 <sup>A B C</sup></b>	<b>(CPI-U) (YEAR 1) + (YEAR 1)</b>	<b>(YEAR 2)/12</b>
<b>YEAR 3 <sup>A B C</sup></b>	<b>(CPI-U) (YEAR 2) + (YEAR 2)</b>	<b>(YEAR 3)/12</b>
<b>YEAR 4 <sup>A B C</sup></b>	<b>(CPI-U) (YEAR 3) + (YEAR 3)</b>	<b>(YEAR 4)/12</b>
<b>YEAR 5 <sup>A B C</sup></b>	<b>(CPI-U) (YEAR 4) + (YEAR 4)</b>	<b>(YEAR 5)/12</b>
<b>YEAR 6 <sup>A B C</sup> (OPTION)</b>	<b>(CPI-U) (YEAR 5) + (YEAR 5)</b>	<b>(YEAR 6)/12</b>
<b>YEAR 7 <sup>A B C</sup> (OPTION)</b>	<b>(CPI-U) (YEAR 6) + (YEAR 6)</b>	<b>(YEAR 7)/12</b>

A. The Contract yearly amount may be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the Chief Executive Office as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County salaries, no cost of living adjustments will be granted.

Where the County decides to grant a COLA pursuant to this paragraph for living wage contracts, it may, in its sole discretion exclude the cost of labor (including the cost of wages and benefits paid to employees providing services under this contract) from the base upon which a COLA is calculated, unless the Contractor can show that his/her labor cost will actually increase.

B. The number of new indemnity claims submitted for the 12 months from November 1, 2006 through October 31, 2007 for Unit 3 was 1,815 (Technical Exhibit IV). For any calendar year where the number of new indemnity claims, administered by workers' compensation claims examiners, exceeds 1,815 by 175, the County shall pay the Contractor an additional \$72,305 within 60 days of the end of the calendar year. If the total number of new indemnity claims exceeds 1,815 by 350 new indemnity claims, administered by workers' compensation claims examiners, the County shall pay Contractor an additional \$144,610 within 60 days of the end of the calendar year. If the total number of new indemnity claims exceeds 1,815 by 525 new



indemnity claims, administered by workers' compensation claims examiners, the County shall pay the Contractor an additional \$216,915 within 60 days of the end of the calendar year, and etc.

c. For any quarter where the Contractor's open indemnity caseload is equal to or less than 6,575, the monthly base fee shall be reduced by \$6,025. For any quarter where the Contractor's open indemnity caseload is equal to or less than 6,400, the monthly base fee shall be reduced by \$12,050. For any quarter where the Contractor's open indemnity caseload is equal to or less than 6,225, the monthly base fee shall be reduced by \$18,075, and etc.

**EXHIBIT B  
PAYMENT SCHEDULE**

**150 ANNUAL CLAIM CASELOAD**

**INTERCARE INSURANCE SERVICES (UNIT 3)**

County shall pay Contractor the following annual fee:

	<u><b>ANNUAL</b></u>	<u><b>MONTHLY</b></u>
<b>YEAR 1</b>	<b>\$8,200,000.00</b>	<b>\$683,333.33</b>
<b>YEAR 2 <sup>ABC</sup></b>	<b>(CPI-U) (YEAR 1) + (YEAR 1)</b>	<b>(YEAR 2)/12</b>
<b>YEAR 3 <sup>ABC</sup></b>	<b>(CPI-U) (YEAR 2) + (YEAR 2)</b>	<b>(YEAR 3)/12</b>
<b>YEAR 4 <sup>ABC</sup></b>	<b>(CPI-U) (YEAR 3) + (YEAR 3)</b>	<b>(YEAR 4)/12</b>
<b>YEAR 5 <sup>ABC</sup></b>	<b>(CPI-U) (YEAR 4) + (YEAR 4)</b>	<b>(YEAR 5)/12</b>
<b>YEAR 6 <sup>ABC</sup> (OPTION)</b>	<b>(CPI-U) (YEAR 5) + (YEAR5)</b>	<b>(YEAR 6)/12</b>
<b>YEAR 7 <sup>ABC</sup> (OPTION)</b>	<b>(CPI-U) (YEAR 6) + (YEAR 6)</b>	<b>(YEAR 7)/12</b>

A. The Contract yearly amount may be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the Chief Executive Office as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County salaries, no cost of living adjustments will be granted.

---

Where the County decides to grant a COLA pursuant to this paragraph for living wage contracts, it may, in its sole discretion exclude the cost of labor (including the cost of wages and benefits paid to employees providing services under this contract) from the base upon which a COLA is calculated, unless the Contractor can show that his/her labor cost will actually increase.

B. The number of new indemnity claims submitted for the 12 months from November 1, 2006 through October 31, 2007 for Unit 3 was 1,815 (Technical Exhibit IV). For any calendar year where the number of new indemnity claims, administered by workers' compensation claims examiners, exceeds 1,815 by 150, the County shall pay the Contractor an additional \$72,305 within 60 days of the end of the calendar year. If the total number of new indemnity claims exceeds 1,815 by 300 new indemnity claims, administered by workers' compensation claims examiners, the County shall pay Contractor an additional \$144,610 within 60 days of the end of the calendar year. If the total number of new indemnity claims exceeds 1,815 by 450 new indemnity claims, administered by workers' compensation claims examiners, the County shall pay the Contractor an additional \$216,915 within 60 days of the end of the calendar year, and etc.

C. For any quarter where the Contractor's open indemnity caseload is equal to or less than 660, the monthly base fee shall be reduced by \$6,025. For any quarter where the Contractor's open indemnity caseload is equal to or less than 6,450, the monthly base fee shall be reduced by \$12,050. For any quarter where the Contractor's open indemnity caseload is equal to or less than 6,300, the monthly base fee shall be reduced by \$18,075, and etc.

**EXHIBIT B  
PAYMENT SCHEDULE**

125 ANNUAL CLAIM CASELOAD

**INTERCARE INSURANCE SERVICES (UNIT 3)**

County shall pay Contractor the following annual fee:

	<u><b>ANNUAL</b></u>	<u><b>MONTHLY</b></u>
<b>YEAR 1</b>	<b>\$9,186,000.00</b>	<b>\$765,500.00</b>
<b>YEAR 2 <sup>ABC</sup></b>	<b>(CPI-U) (YEAR 1) + (YEAR 1)</b>	<b>(YEAR 2)/12</b>
<b>YEAR 3 <sup>ABC</sup></b>	<b>(CPI-U) (YEAR 2) + (YEAR 2)</b>	<b>(YEAR 3)/12</b>
<b>YEAR 4 <sup>ABC</sup></b>	<b>(CPI-U) (YEAR 3) + (YEAR 3)</b>	<b>(YEAR 4)/12</b>
<b>YEAR 5 <sup>ABC</sup></b>	<b>(CPI-U) (YEAR 4) + (YEAR 4)</b>	<b>(YEAR 5)/12</b>
<b>YEAR 6 <sup>ABC</sup> (OPTION)</b>	<b>(CPI-U) (YEAR 5) + (YEAR 5)</b>	<b>(YEAR 6)/12</b>
<b>YEAR 7 <sup>ABC</sup> (OPTION)</b>	<b>(CPI-U) (YEAR 6) + (YEAR 6)</b>	<b>(YEAR 7)/12</b>

A. The Contract yearly amount may be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the Chief Executive Office as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County salaries, no cost of living adjustments will be granted.

Where the County decides to grant a COLA pursuant to this paragraph for living wage contracts, it may, in its sole discretion exclude the cost of labor (including the cost of wages and benefits paid to employees providing services under this contract) from the base upon which a COLA is calculated, unless the Contractor can show that his/her labor cost will actually increase.

B. The number of new indemnity claims submitted for the 12 months from November 1, 2006 through October 31, 2007 for Unit 3 was 1,815 (Technical Exhibit IV). For any calendar year where the number of new indemnity claims, administered by workers' compensation claims examiners, exceeds 1,815 by 125, the County shall pay the Contractor an additional \$72,305 within 60 days of the end of the calendar year. If the total number of new indemnity claims exceeds 1,815 by 250 new indemnity claims, administered by workers' compensation claims examiners, the County shall pay Contractor an additional \$144,610 within 60 days of the end of

---

the calendar year. If the total number of new indemnity claims exceeds 1,815 by 375 new indemnity claims, administered by workers' compensation claims examiners, the County shall pay the Contractor an additional \$216,915 within 60 days of the end of the calendar year, and etc.

c. For any quarter where the Contractor's open indemnity caseload is equal to or less than 6625, the monthly base fee shall be reduced by \$6,025. For any quarter where the Contractor's open indemnity caseload is equal to or less than 6,500, the monthly base fee shall be reduced by \$12,050. For any quarter where the Contractor's open indemnity caseload is equal to or less than 6,375 the monthly base fee shall be reduced by \$18,075, and etc.

6/16/08

g/TPARFP/INTERCARE PRICING SHEETS 6-16-08

g/WC TPA RFP 2008/Contract – Exhibit B – Payment Schedule FINAL 6-16-08



**Exhibit C**

**CONTRACTOR'S PROPOSED SCHEDULE**

**NOT APPLICABLE**

**REQUIRED FORMS - EXHIBIT 8**  
**PROPOSER'S EEO CERTIFICATION**

Intercare Insurance Services

Company Name

3010 Lava Ridge Court, Suite 200, Roseville, CA 95661

Address

95-4465745

Internal Revenue Service Employer Identification Number

**GENERAL**

In accordance with provisions of the County Code of the County of Los Angeles, the Proposer certifies and agrees that all persons employed by such firm, its affiliates, subsidiaries, or holding companies are and will be treated equally by the firm without regard to or because of race, religion, ancestry, national origin, or sex and in compliance with all anti-discrimination laws of the United States of America and the State of California.

CERTIFICATION	YES	NO
1. Proposer has written policy statement prohibiting discrimination in all phases of employment.	( X )	( )
2. Proposer periodically conducts a self-analysis or utilization analysis of its work force.	( X )	( )
3. Proposer has a system for determining if its employment practices are discriminatory against protected groups.	( X )	( )
4. When problem areas are identified in employment practices, Proposer has a system for taking reasonable corrective action to include establishment of goal and/or timetables.	( X )	( )

Signature

Michael P. Ramser, President

February 25, 2008

Date

Name and Title of Signer (please print)

EEO CERTIFICATION

## COUNTY'S ADMINISTRATION

CONTRACT NO. \_\_\_\_\_

### COUNTY RISK MANAGER:

Name: Rocky Armfield  
Title: Assistant Chief Executive Officer  
Address: 3333 Wilshire Blvd., Suite 820  
Los Angeles, CA 90010  
Telephone: (213) 351-5346  
Facsimile: (213) 252-0405  
E-Mail Address: rarmfield@ceo.lacounty.gov

### COUNTY CONTRACT ADMINISTRATOR:

Name: Alex Rossi  
Title: Acting Manager, CEO  
Address: 3333 Wilshire Blvd., Suite 820  
Los Angeles, CA 90010  
Telephone: (213) 738-2154  
Facsimile: (213) 252-0404  
E-Mail Address: arossi@ceo.lacounty.gov

### COUNTY CONTRACT MONITOR:

Name: Joe Carrillo  
Title: Program Specialist III  
Address: 3333 Wilshire Blvd., Suite 820  
Los Angeles, CA 90010  
Telephone: (714) 480-4422  
Facsimile: (714) 480-0041  
E-Mail Address: jcarrillo@ceo.lacounty.gov

### COUNTY CONTRACT MONITOR:

Name: Pam Kennedy  
Title: Program Specialist III  
Address: 3333 Wilshire Blvd., Suite 820  
Los Angeles, CA 90010  
Telephone: (714) 480-4421  
Facsimile: (714) 480-0041  
E-Mail Address: pkennedy@ceo.lacounty.gov



**CONTRACTOR'S ADMINISTRATION****CONTRACTOR'S NAME:** Intercare Holdings Insurance Services, Inc.**CONTRACT NO:** \_\_\_\_\_**CONTRACTOR'S PROJECT MANAGER:**

Name: Kathleen Burris  
Title: Branch Claims Manager  
Address: 701 South Parker Street, Suite 3000  
Orange, CA 92868  
Telephone: (714) 480-4430  
Facsimile: (916) 781-6333  
E-Mail Address: kburris@intercareins.com

**CONTRACTOR'S AUTHORIZED OFFICIAL(S)**

Name: Agnes Hoeberling  
Title: Chief Operating Officer  
Address: 3010 Lava Ridge Court, Suite 200  
Roseville, CA 95661  
Telephone: (916) 677-4359  
Facsimile: (916) 781-5781  
E-Mail Address: ahoeberling@intercareins.com

Name: George 'Mac' McCleary  
Title: Chief Executive Officer  
Address: 3010 Lava Ridge Court, Suite 200  
Roseville, CA 95661  
Telephone: (916) 677-2552  
Facsimile: (916) 677-2511  
E-Mail Address: gmcclary@intercareins.com

**Notices to Contractor shall be sent to the following:**

Name: Agnes Hoeberling  
Title: Chief Operating Officer  
Address: 3010 Lava Ridge Court, Suite 200  
Roseville, CA 95661  
Telephone: (916) 677-4359  
Facsimile: (916) 781-5781  
E-Mail Address: ahoeberling@intercareins.com

## **FORMS REQUIRED AT THE TIME OF CONTRACT EXECUTION**

- G1     CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY  
AGREEMENT
- G2     CONTRACTOR NON-EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY  
AGREEMENT

**CONTRACTOR ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT**

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

CONTRACTOR NAME \_\_\_\_\_ Contract No. \_\_\_\_\_

**GENERAL INFORMATION:**

The Contractor referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires the Corporation to sign this Contractor Acknowledgement and Confidentiality Agreement.

**CONTRACTOR ACKNOWLEDGEMENT:**

Contractor understands and agrees that the Contractor employees, consultants, Outsourced Vendors and independent contractors (Contractor's Staff) that will provide services in the above referenced agreement are Contractor's sole responsibility. Contractor understands and agrees that Contractor's Staff must rely exclusively upon Contractor for payment of salary and any and all other benefits payable by virtue of Contractor's Staff's performance of work under the above-referenced contract.

Contractor understands and agrees that Contractor's Staff are not employees of the County of Los Angeles for any purpose whatsoever and that Contractor's Staff do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. Contractor understands and agrees that Contractor's Staff will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

**CONFIDENTIALITY AGREEMENT:**

Contractor and Contractor's Staff may be involved with work pertaining to services provided by the County of Los Angeles and, if so, Contractor and Contractor's Staff may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, Contractor and Contractor's Staff may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. Contractor and Contractor's Staff understand that if they are involved in County work, the County must ensure that Contractor and Contractor's Staff, will protect the confidentiality of such data and information. Consequently, Contractor must sign this Confidentiality Agreement as a condition of work to be provided by Contractor's Staff for the County.

Contractor and Contractor's Staff hereby agrees that they will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between Contractor and the County of Los Angeles. Contractor and Contractor's Staff agree to forward all requests for the release of any data or information received to County's Project Manager.

Contractor and Contractor's Staff agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to Contractor and Contractor's Staff under the above-referenced contract. Contractor and Contractor's Staff agree to protect these confidential materials against disclosure to other than Contractor or County employees who have a need to know the information. Contractor and Contractor's Staff agree that if proprietary information supplied by other County vendors is provided to me during this employment, Contractor and Contractor's Staff shall keep such information confidential.

Contractor and Contractor's Staff agree to report any and all violations of this agreement by Contractor and Contractor's Staff and/or by any other person of whom Contractor and Contractor's Staff become aware.

Contractor and Contractor's Staff acknowledge that violation of this agreement may subject Contractor and Contractor's Staff to civil and/or criminal action and that the County of Los Angeles may seek all possible legal redress.

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_/\_\_\_\_/\_\_\_\_

PRINTED NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

**CONTRACTOR EMPLOYEE ACKNOWLEDGEMENT AND CONFIDENTIALITY AGREEMENT**

(Note: This certification is to be executed and returned to County with Contractor's executed Contract. Work cannot begin on the Contract until County receives this executed document.)

Contractor Name \_\_\_\_\_ Contract No. \_\_\_\_\_

Employee Name \_\_\_\_\_

**GENERAL INFORMATION:**

Your employer referenced above has entered into a contract with the County of Los Angeles to provide certain services to the County. The County requires your signature on this Contractor Employee Acknowledgement and Confidentiality Agreement.

**EMPLOYEE ACKNOWLEDGEMENT:**

I understand and agree that the Contractor referenced above is my sole employer for purposes of the above-referenced contract. I understand and agree that I must rely exclusively upon my employer for payment of salary and any and all other benefits payable to me or on my behalf by virtue of my performance of work under the above-referenced contract.

I understand and agree that I am not an employee of the County of Los Angeles for any purpose whatsoever and that I do not have and will not acquire any rights or benefits of any kind from the County of Los Angeles by virtue of my performance of work under the above-referenced contract. I understand and agree that I do not have and will not acquire any rights or benefits from the County of Los Angeles pursuant to any agreement between any person or entity and the County of Los Angeles.

I understand and agree that I may be required to undergo a background and security investigation(s). I understand and agree that my continued performance of work under the above-referenced contract is contingent upon my passing, to the satisfaction of the County, any and all such investigations. I understand and agree that my failure to pass, to the satisfaction of the County, any such investigation shall result in my immediate release from performance under this and/or any future contract.

**CONFIDENTIALITY AGREEMENT:**

I may be involved with work pertaining to services provided by the County of Los Angeles and, if so, I may have access to confidential data and information pertaining to persons and/or entities receiving services from the County. In addition, I may also have access to proprietary information supplied by other vendors doing business with the County of Los Angeles. The County has a legal obligation to protect all such confidential data and information in its possession, especially data and information concerning health, criminal, and welfare recipient records. I understand that if I am involved in County work, the County must ensure that I, too, will protect the confidentiality of such data and information. Consequently, I understand that I must sign this agreement as a condition of my work to be provided by my employer for the County. I have read this agreement and have taken due time to consider it prior to signing.

I hereby agree that I will not divulge to any unauthorized person any data or information obtained while performing work pursuant to the above-referenced contract between my employer and the County of Los Angeles. I agree to forward all requests for the release of any data or information received by me to my immediate supervisor.

I agree to keep confidential all health, criminal, and welfare recipient records and all data and information pertaining to persons and/or entities receiving services from the County, design concepts, algorithms, programs, formats, documentation, Contractor proprietary information and all other original materials produced, created, or provided to or by me under the above-referenced contract. I agree to protect these confidential materials against disclosure to other than my employer or County employees who have a need to know the information. I agree that if proprietary information supplied by other County vendors is provided to me during this employment, I shall keep such information confidential.

I agree to report to my immediate supervisor any and all violations of this agreement by myself and/or by any other person of whom I become aware. I agree to return all confidential materials to my immediate supervisor upon completion of this contract or termination of my employment with my employer, whichever occurs first.

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_/\_\_\_\_/\_\_\_\_

PRINTED NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

Title 2 ADMINISTRATION  
Chapter 2.203.010 through 2.203.090  
CONTRACTOR EMPLOYEE JURY SERVICE

EXHIBIT H

Page 1 of 3

### 2.203.010 Findings.

The board of supervisors makes the following findings. The county of Los Angeles allows its permanent, full-time employees unlimited jury service at their regular pay. Unfortunately, many businesses do not offer or are reducing or even eliminating compensation to employees who serve on juries. This creates a potential financial hardship for employees who do not receive their pay when called to jury service, and those employees often seek to be excused from having to serve. Although changes in the court rules make it more difficult to excuse a potential juror on grounds of financial hardship, potential jurors continue to be excused on this basis, especially from longer trials. This reduces the number of potential jurors and increases the burden on those employers, such as the county of Los Angeles, who pay their permanent, full-time employees while on juror duty. For these reasons, the county of Los Angeles has determined that it is appropriate to require that the businesses with which the county contracts possess reasonable jury service policies. (Ord. 2002-0015 § 1 (part), 2002)

### 2.203.020 Definitions.

The following definitions shall be applicable to this chapter:

- A. "Contractor" means a person, partnership, corporation or other entity which has a contract with the county or a subcontract with a county contractor and has received or will receive an aggregate sum of \$50,000 or more in any 12-month period under one or more such contracts or subcontracts.
- B. "Employee" means any California resident who is a full-time employee of a contractor under the laws of California.
- C. "Contract" means any agreement to provide goods to, or perform services for or on behalf of, the county but does not include:
  - 1. A contract where the board finds that special circumstances exist that justify a waiver of the requirements of this chapter; or
  - 2. A contract where federal or state law or a condition of a federal or state program mandates the use of a particular contractor; or
  - 3. A purchase made through a state or federal contract; or
  - 4. A monopoly purchase that is exclusive and proprietary to a specific manufacturer, distributor, or reseller, and must match and inter-member with existing supplies, equipment or systems maintained by the county pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-3700 or a successor provision; or
  - 5. A revolving fund (petty cash) purchase pursuant to the Los Angeles County Fiscal Manual, Section 4.4.0 or a successor provision; or
  - 6. A purchase card purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section P-2810 or a successor provision; or
  - 7. A non-agreement purchase with a value of less than \$5,000 pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section A-0300 or a successor provision; or
  - 8. A bona fide emergency purchase pursuant to the Los Angeles County Purchasing Policy and Procedures Manual, Section PP-1100 or a successor provision.

Title 2 ADMINISTRATION  
Chapter 2.203.010 through 2.203.090  
CONTRACTOR EMPLOYEE JURY SERVICE

Page 2 of 3

- D. "Full time" means 40 hours or more worked per week, or a lesser number of hours if:
1. The lesser number is a recognized industry standard as determined by the chief administrative officer, or
  2. The contractor has a long-standing practice that defines the lesser number of hours as full time.
- E. "County" means the county of Los Angeles or any public entities for which the board of supervisors is the governing body. (Ord. 2002-0040 § 1, 2002: Ord. 2002-0015 § 1 (part), 2002)

**2.203.030 Applicability.**

This chapter shall apply to contractors who enter into contracts that commence after July 11, 2002. This chapter shall also apply to contractors with existing contracts which are extended into option years that commence after July 11, 2002. Contracts that commence after May 28, 2002, but before July 11, 2002, shall be subject to the provisions of this chapter only if the solicitations for such contracts stated that the chapter would be applicable. (Ord. 2002-0040 § 2, 2002: Ord. 2002-0015 § 1 (part), 2002)

**2.203.040 Contractor Jury Service Policy.**

A contractor shall have and adhere to a written policy that provides that its employees shall receive from the contractor, on an annual basis, no less than five days of regular pay for actual jury service. The policy may provide that employees deposit any fees received for such jury service with the contractor or that the contractor deduct from the employees' regular pay the fees received for jury service. (Ord. 2002-0015 § 1 (part), 2002)

**2.203.050 Other Provisions.**

- A. Administration. The chief administrative officer shall be responsible for the administration of this chapter. The chief administrative officer may, with the advice of county counsel, issue interpretations of the provisions of this chapter and shall issue written instructions on the implementation and ongoing administration of this chapter. Such instructions may provide for the delegation of functions to other county departments.
- B. Compliance Certification. At the time of seeking a contract, a contractor shall certify to the county that it has and adheres to a policy consistent with this chapter or will have and adhere to such a policy prior to award of the contract. (Ord. 2002-0015 § 1 (part), 2002)

**2.203.060 Enforcement and Remedies.**

For a contractor's violation of any provision of this chapter, the county department head responsible for administering the contract may do one or more of the following:

1. Recommend to the board of supervisors the termination of the contract; and/or,
2. Pursuant to chapter 2.202, seek the debarment of the contractor. (Ord. 2002-0015 § 1 (part), 2002)

Title 2 ADMINISTRATION  
Chapter 2.203.010 through 2.203.090  
CONTRACTOR EMPLOYEE JURY SERVICE

**2.203.070. Exceptions.**

- A. Other Laws. This chapter shall not be interpreted or applied to any contractor or to any employee in a manner inconsistent with the laws of the United States or California.
- B. Collective Bargaining Agreements. This chapter shall be superseded by a collective bargaining agreement that expressly so provides.
- C. Small Business. This chapter shall not be applied to any contractor that meets all of the following:
  - 1. Has ten or fewer employees during the contract period; and,
  - 2. Has annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, are less than \$500,000; and,
  - 3. Is not an affiliate or subsidiary of a business dominant in its field of operation.

"Dominant in its field of operation" means having more than ten employees and annual gross revenues in the preceding twelve months which, if added to the annual amount of the contract awarded, exceed \$500,000.

"Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation. (Ord. 2002-0015 § 1 (part), 2002)

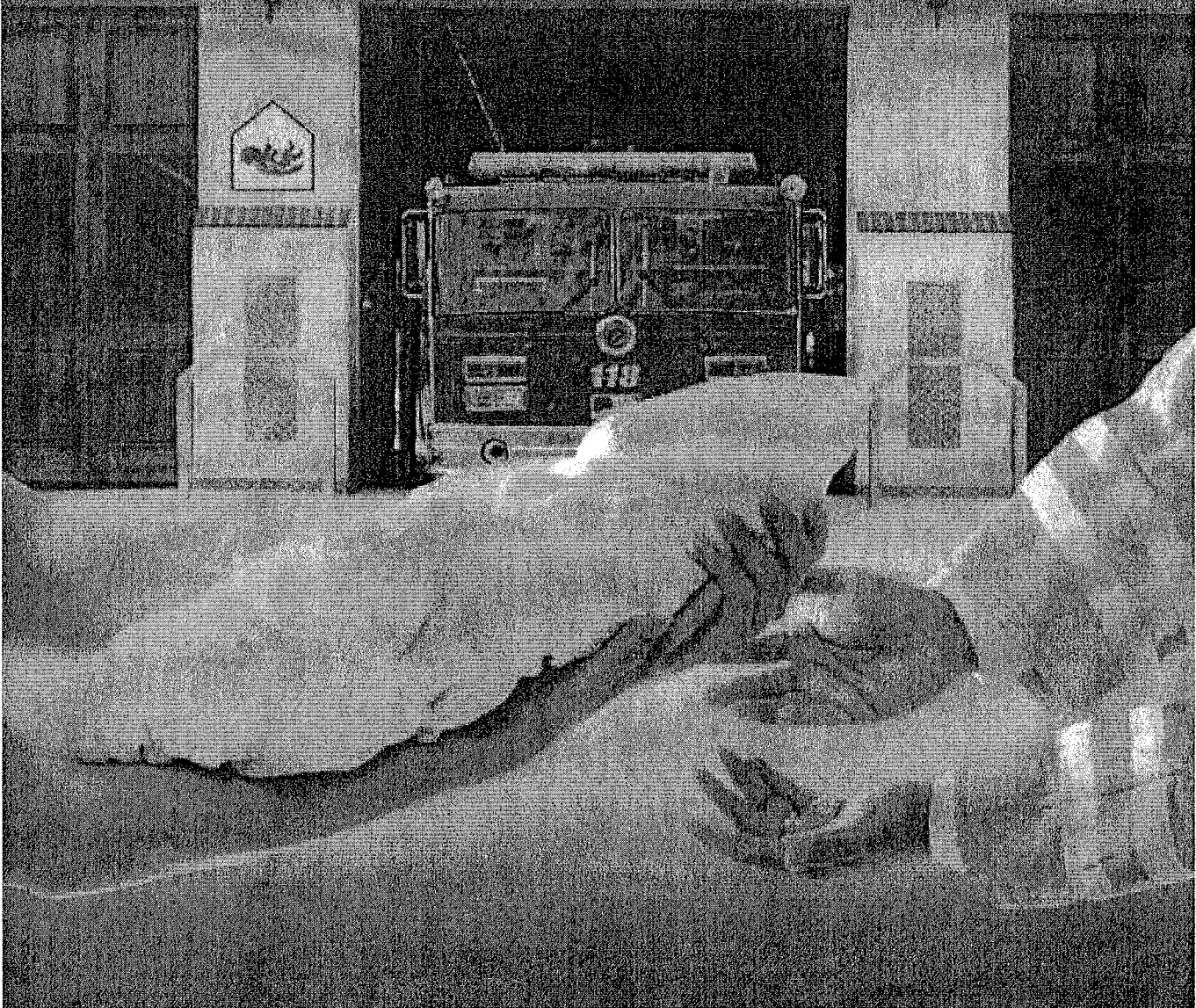
**2.203.090. Severability.**

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. (Ord. 2002-0015 § 1 (part), 2002)

## **SAFELY SURRENDERED BABY LAW**



# *Safely* Surrendered



No shame. No blame. No names.

In Los Angeles County: 1-877-BABY SAFE • 1-877-222-9723

[www.oabysafe.la.org](http://www.oabysafe.la.org)



In Los Angeles County: 1-877-BABY SAFE 1-877-222-9723

www.babysafela.org

# Safely Surrendered Baby Law

## What is the Safely Surrendered Baby Law?

California's Safely Surrendered Baby Law allows parents or other persons with lawful custody, which means anyone to whom the parent has given permission to confidentially surrender a baby. As long as the baby is three days (72 hours) of age or younger and has not been abused or neglected, the baby may be surrendered without fear of arrest or prosecution.

## How does it work?

A distressed parent who is unable or unwilling to care for a baby can legally, confidentially, and safely surrender a baby within three days (72 hours) of birth. The baby must be handed to an employee at a hospital or fire station in Los Angeles County. As long as the baby shows no sign of abuse or neglect, no name or other information is required. In case the parent changes his or her mind at a later date and wants the baby back, staff will use bracelets to help connect them to each other. One bracelet will be placed on the baby, and a matching bracelet will be given to the parent or other surrendering adult.

## What if a parent wants the baby back?

Parents who change their minds can begin the process of reclaiming their baby within 14 days. These parents should call the Los Angeles County Department of Children and Family Services at 1-800-540-4000.

## Can only a parent bring in the baby?

No. While in most cases a parent will bring in the baby, the Law allows other people to bring in the baby if they have lawful custody.

## Does the parent or surrendering adult have to call before bringing in the baby?

No. A parent or surrendering adult can bring in a baby anytime, 24 hours a day, 7 days a week, as long as the parent or surrendering adult surrenders the baby to someone who works at the hospital or fire station.

## Does the parent or surrendering adult have to tell anything to the people taking the baby?

No. However, hospital or fire station personnel will ask the surrendering party to fill out a questionnaire designed to gather important medical history information, which is very useful in caring for the baby. The questionnaire includes a stamped return envelope and can be sent in at a later time.

## What happens to the baby?

The baby will be examined and given medical treatment. Upon release from the hospital, social workers immediately place the baby in a safe and loving home and begin the adoption process.

## What happens to the parent or surrendering adult?

Once the parent or surrendering adult surrenders the baby to hospital or fire station personnel, they may leave at any time.

## Why is California doing this?

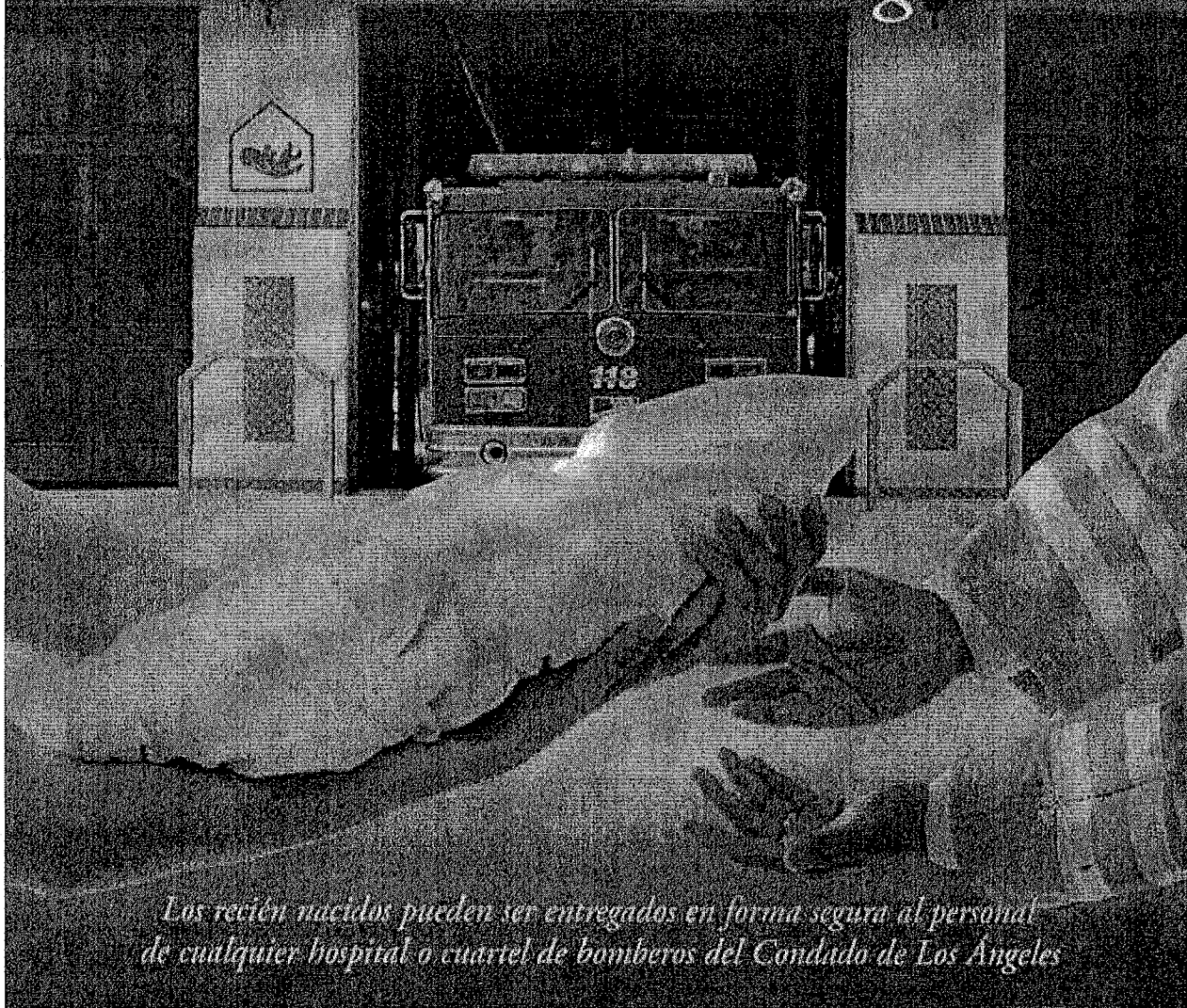
The purpose of the Safely Surrendered Baby Law is to protect babies from being abandoned, hurt or killed by their parents. You may have heard tragic stories of babies left in dumpsters or public bathrooms. Their parents may have been under severe emotional distress. The mothers may have hidden their pregnancies, fearful of what would happen if their families found out. Because they were afraid and had no one or nowhere to turn for help, they abandoned their babies. Abandoning a baby is illegal and places the baby in extreme danger. Too often, it results in the baby's death. The Safely Surrendered Baby Law prevents this tragedy from ever happening again in California.

## A baby's story

Early in the morning on April 9, 2005, a healthy baby boy was safely surrendered to nurses at Harbor-UCLA Medical Center. The woman who brought the baby to the hospital identified herself as the baby's aunt and stated the baby's mother had asked her to bring the baby to the hospital on her behalf. The aunt was given a bracelet with a number matching the anklet placed on the baby; this would provide some identification in the event the mother changed her mind about surrendering the baby and wished to reclaim the baby in the 14-day period allowed by the Law. The aunt was also provided with a medical questionnaire and said she would have the mother complete and mail back in the stamped return envelope provided. The baby was examined by medical staff and pronounced healthy and full-term. He was placed with a loving family that had been approved to adopt him by the Department of Children and Family Services.



# *Ley de* Entrega de Bebés *Sin Peligro*



*Los recién nacidos pueden ser entregados en forma segura al personal  
de cualquier hospital o cuartel de bomberos del Condado de Los Angeles*

*Sin pena. Sin culpa. Sin nombres.*

En el Condado de Los Angeles: 1-877-BABY SAFE • 1-877-222-9723

[www.babysafein.org](http://www.babysafein.org)



***PROP A - LIVING WAGE PROGRAM EXHIBITS***

- J LIVING WAGE ORDINANCE
- K MONTHLY CERTIFICATION FOR APPLICABLE HEALTH BENEFIT  
PAYMENTS
- L PAYROLL STATEMENT OF COMPLIANCE

Title 2 ADMINISTRATION  
Chapter 2.201 LIVING WAGE PROGRAM

Page 1 of 5

**2.201.010 Findings.**

The board of supervisors finds that the county of Los Angeles is the principal provider of social and health services within the county, especially to persons who are compelled to turn to the county for such services. Employers' failure to pay a living wage to their employees causes them to use such services thereby placing an additional burden on the county of Los Angeles. (Ord. 2007-0011 § 1, 2007: Ord. 99-0048 § 1 (part), 1999.)

**2.201.020 Definitions.**

The general definitions contained in Chapter 2.02 shall be applicable to this chapter unless inconsistent with the following definitions:

A. "County" includes the county of Los Angeles, any county officer or body, any county department head, and any county employee authorized to enter into a Proposition A contract or a cafeteria services contract with an employer.

B. "Employee" means any individual who is an employee of an employer under the laws of California, and who is providing full time services to an employer, some or all of which are provided to the county of Los Angeles under a Proposition A contract, or under a cafeteria services contract at a county of Los Angeles owned or leased facility.

C. "Employer" means:

1. An individual or entity who has a contract with the county:

a. For services which is required to be more economical or feasible under Section 44.7 of the Charter of the county of Los Angeles, and is not listed as an excluded contract in Section 2.121.250 B of the Los Angeles County Code, referred to in this chapter as a "Proposition A contract," or

b. For cafeteria services, referred to in this chapter as a "cafeteria services contract," and

c. Who has received or will receive an aggregate sum of \$25,000.00 or more in any 12 month period under one or more Proposition A contracts and/or one or more cafeteria services contracts; or

2. An individual or entity that enters into a subcontract with an employer, as defined in subsection C1 and who employs employees to provide services under the employer's contract with the county.

D. "Full time" means a minimum 40 hours worked per week, or a lesser number of hours, if the lesser number is a recognized industry standard and is approved as such by the chief administrative officer, but in no event less than 35 hours worked per week.

Title 2 ADMINISTRATION  
Chapter 2.201 LIVING WAGE PROGRAM

Page 2 of 5

E. "Proposition A contract" means a contract governed by Title 2, Section 2.121.250 et seq. of this code, entitled Contracting with Private Business. (Ord. 2007-0011 § 2, 2007: Ord. 99-0048 § 1 (part), 1999.)

**2.201.030 Prospective effect.**

This chapter shall be applicable to Proposition A contracts and cafeteria services contracts and their amendments the terms of which commence three months or more after the effective date of this chapter.\* It shall not be applicable to Proposition A contracts or cafeteria services contracts or their amendments in effect before this chapter becomes applicable. (Ord. 99-0048 § 1 (part), 1999.)

\* **Editor's note:** Ordinance 99-0048, which enacted Ch. 2.201, is effective on July 22, 1999.

**2.201.040 Payment of living wage.**

A. Employers shall pay employees a living wage for their services provided to the county of no less than the hourly rates set under this chapter. The rates shall be \$9.64 per hour with health benefits, or \$11.84 per hour without health benefits.

B. To qualify for the living wage rate with health benefits, an employer shall pay at least \$2.20 per hour towards the provision of bona fide health care benefits for each employee and any dependents during the term of a Proposition A contract or a cafeteria services contract. Proof of the provision of such benefits must be submitted to the county for evaluation during the procurement process to qualify for the lower living wage rate in subsection A of this section. Employers who provide health care benefits to employees through the county department of health services community health plan are deemed to have qualified for the lower living wage rate in subsection A of this section.

C. The board of supervisors may, from time to time, adjust the amounts specified in subsections A and B of this section, above for future contracts. Any adjustments to the living wage rate specified in subsections A and B that are adopted by the board of supervisors shall be applicable to Proposition A contracts and cafeteria services contracts and their amendments which become effective three months or more after the effective date of the ordinance that adjusts the living wage rate. (Ord. 2007-0011 § 3, 2007: Ord. 99-0048 § 1 (part), 1999.)

**2.201.050 Other provisions.**

A. Full Time Employees. An employer shall assign and use full time employees to provide services under a Proposition A contract or a cafeteria services contract, unless the employer can demonstrate to the county the necessity to use non-full time employees based on staffing efficiency or the county requirements of an individual job.

B. Neutrality in Labor Relations. An employer shall not use any consideration received under a Proposition A contract or a cafeteria services contract to hinder, or to further, organization of, or collective bargaining activities by or on behalf of an employer's employees, except that this restriction shall not apply to any expenditure made in the course of good faith collective bargaining, or to any expenditure pursuant to obligations incurred under a bona fide collective

Title 2 ADMINISTRATION  
Chapter 2.201 LIVING WAGE PROGRAM

Page 3 of 5

bargaining agreement, or which would otherwise be permitted under the provisions of the National Labor Relations Act.

C. Administration. The chief administrative officer shall be responsible for the administration of this chapter. The chief administrative officer may, with the advice of county counsel, issue interpretations of the provisions of this chapter. The chief administrative officer in conjunction with the affirmative action compliance officer shall issue written instructions on the implementation and on-going administration of this chapter. Such instructions may provide for the delegation of functions to other county departments.

D. Compliance Certification. An employer shall, during the term of a Proposition A contract, or a cafeteria services contract, report for each employee and certify the hours worked, wages paid, and amounts the employer paid for health benefits, and provide other information deemed relevant to the enforcement of this chapter by the county. Such reports shall be made at the times and in the manner set forth in instructions issued by the chief administrative officer in conjunction with the affirmative action compliance officer. The affirmative action compliance officer in conjunction with the chief administrative officer shall report annually to the board of supervisors on contractor compliance with the provisions of this chapter.

E. Contractor Standards. An employer shall demonstrate during the procurement process and for the duration of a Proposition A contract or a cafeteria services contract a history of business stability, integrity in employee relations, and the financial ability to pay a living wage. (Ord. 99-0048 § 1 (part), 1999.)

**2.201.060 Employer retaliation prohibited.**

No employer shall take an adverse action causing a loss of any benefit of employment, of any contract benefit, or any statutory benefit to any employee, person, or other entity, who has reported a violation of this chapter to the board of supervisors or to one or more of their offices, to the county chief administrative officer, or to the county auditor controller, or to the county department administering the Proposition A contract or cafeteria services contract. (Ord. 99-0048 § 1 (part), 1999.)

**2.201.070 Employee retention rights.**

In the event that any Proposition A contract or cafeteria service contract is terminated by the county prior to its expiration, any new contract with a subsequent employer for such services shall provide for the employment of the predecessor employer's employees as provided in this section.

A. A "retention employee" is an employee of a predecessor employer:

1. Who is not an exempt employee under the minimum wage and maximum hour exemptions defined in the federal Fair Labor Standards Act;
2. Who has been employed by an employer under a predecessor Proposition A contract or a predecessor cafeteria services contract for at least six months prior to the date of a new contract; and

Title 2 ADMINISTRATION  
Chapter 2.201 LIVING WAGE PROGRAM

Page 4 of 5

3. Who is or will be terminated from his or her employment as a result of the county entering into a new contract.

B. Subsequent employers shall offer employment to all retention employees who are qualified for such jobs.

C. A subsequent employer is not required to hire a retention employee who:

1. Has been convicted of a crime related to the job or his or her job performance; or
2. Fails to meet any other county requirement for employees of a contractor.

D. A subsequent employer may not terminate a retention employee for the first 90 days of employment under a new contract, except for cause. Thereafter a subsequent employer may retain a retention employee on the same terms and conditions as the subsequent employer's other employees. (Ord. 99-0048 § 1 (part), 1999.)

**2.201.080 Enforcement and remedies.**

For violation of any of the provisions of this chapter:

A. An employee may bring an action in the courts of the state of California for damages caused by an employer's violation of this chapter.

B. The county department head responsible for administering a Proposition A contract or a cafeteria services contract may do one or more of the following in accordance with such instructions as may be issued by the chief administrative officer:

1. Assess liquidated damages as provided in the contract; and/or
2. Recommend to the board of supervisors the termination of the contract; and/or
3. Recommend to the board of supervisors that an employer be barred from award of future county contracts for a period of time consistent with the seriousness of the employer's violation of this chapter, in accordance with Section 2.202.040 of this code. (Ord. 2007-0011 § 4, 2007; Ord. 99-0048 § 1 (part), 1999.)

**2.201.090 Exceptions.**

A. Other Laws. This chapter shall not be interpreted or applied to any employer or to any employee in a manner inconsistent with United States or California laws.

B. Collective Bargaining Agreements. Any provision of this chapter shall be superseded by a collective bargaining agreement that expressly so provides.

C. This chapter shall not be applied to any employer which is a nonprofit corporation qualified under Section 501(c)(3) of the Internal Revenue Code.



Title 2 ADMINISTRATION  
Chapter 2.201 LIVING WAGE PROGRAM

Page 5 of 5

D. Small Businesses. This chapter shall not be applied to any employer which is a business entity organized for profit, including but not limited to any individual, partnership, corporation, joint venture, association or cooperative, which entity:

1. Is not an affiliate or subsidiary of a business dominant in its field of operation; and
2. Has 20 or fewer employees during the contract period, including full time and part time employees; and
3. Does not have annual gross revenues in the preceding fiscal year which if added to the annual amount of the contract awarded exceed \$1,000,000.00; or
4. If the business is a technical or professional service, does not have annual gross revenues in the preceding fiscal year which if added to the annual amount of the contract awarded exceed \$2,500,000.00.

"Dominant in its field of operation" means having more than 20 employees, including full time and part time employees, and more than \$1,000,000.00 in annual gross revenues or \$2,500,000.00 in annual gross revenues if a technical or professional service.

"Affiliate or subsidiary of a business dominant in its field of operation" means a business which is at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in that field of operation. (Ord. 99-0055 § 1, 1999; Ord. 99-0048 § 1 (part), 1999.)

**2.201.100 Severability.**

If any provision of this chapter is found invalid by a court of competent jurisdiction, the remaining provisions shall remain in full force and effect. (Ord. 99-0048 § 1 (part), 1999.)



COUNTY OF LOS ANGELES  
LIVING WAGE ORDINANCE  
MONTHLY CERTIFICATION FOR APPLICABLE HEALTH BENEFIT PAYMENTS

Exhibit K

Instruction Box: Please complete all sections of this form.  
(Information to complete this form can be obtained from  
your weekly certified payroll reports.) Submit this form with  
your Certified Payroll Reports to the awarding County  
department. Be sure to complete and sign the reverse side  
of this form before submitting.

(1) Name: Contractor <input type="checkbox"/> Subcontractor <input type="checkbox"/>		Address: (Street, City, State, Zip)						
(2) Payroll No.:		(4) From payroll period: / / to payroll period: / /						
(3) Work Location:		(5) For Month Ending:						
(6) Department Name:		(8) Contract Name & Number:						
(9) Contractor Health Plan Name(s):		(10) Contractor Health Plan ID Number(s):						
(11) Employee Name, Address & Last 4 digits of SS#	(12) Work Classification	(13) Total Hours Worked Each Week of Monthly Pay Period 1 2 3 4 5	(14) Total Aggregate Hours	(15) Employer Paid Health Benefit Hourly Rate	(16) Gross Amount Paid (14x15)	(17) Employee Paid Health Benefit Hourly Rate	(18) Gross Amount Paid (14x17)	(19) Aggregate \$ Health Benefits Paid (16+18)
1								
2								
3								
4								
5								
I have reviewed the information in this report and as company owner or authorized agent for this company, I sign under penalty of perjury certifying that all information herein is complete and correct.		Total (This Page)						
Print Authorized Name:		Grand Total (All Pages)						
Authorized Signature:		Date: / /		Title:		Telephone Number (include area code)		Page: of

**COUNTY OF LOS ANGELES  
LIVING WAGE PROGRAM  
PAYROLL STATEMENT OF COMPLIANCE**

I, \_\_\_\_\_, \_\_\_\_\_  
(Name of Owner or Company Representative) (Title)

Do hereby state:

1. That I pay or supervise the payment of the persons employed by:

\_\_\_\_\_ on the \_\_\_\_\_;  
(Company or subcontractor Name) (Service, Building or Work Site)  
that during the payroll period commencing on the \_\_\_\_\_ day of \_\_\_\_\_, and  
(Calendar day of Month) (Month and Year)  
ending the \_\_\_\_\_ day of \_\_\_\_\_ all persons employed on said work site  
(Calendar day of Month) (Month and Year)

have been paid the full weekly wages earned, that no rebates have been or will be made either directly or indirectly to or on behalf of \_\_\_\_\_

(Company Name)

from the full weekly wages earned by any person and that no deductions have been made either directly or in directly from the full wages earned by any person, other than permissible deductions as defined in Regulations, Part 3 (29 CFR Subtitle A), issued by the Secretary of Labor under the Copeland Act, as amended (48 Stat. 948, 63 Stat. 108, 72 Stat. 357; 40 U.S.C. 276c), and described below:


2. That any payrolls otherwise under this contract required to be submitted for the above period are correct and complete; that the wage rates for employees contained therein are not less than the applicable County of Los Angeles Living Wage rates contained in the contract.

3. That:

A. WHERE FRINGE (Health) BENEFITS ARE PAID TO APPROVED PLANS, FUNDS OR PROGRAMS

☐ In addition to the basic hourly wage rates paid to each employee listed in the above referenced payroll, payments of health benefits as required in the contract have been or will be paid to appropriate programs for the benefit of such employees.

B. WHERE FRINGE (Health) BENEFITS ARE PAID IN CASH

☐ Each employee listed in the above referenced payroll has been paid, as indicated on the payroll, an amount not less than the applicable amount of the required County of Los Angeles Living Wage hourly rate as listed in the contract.

I have reviewed the information in this report and as company owner or authorized agent for this company, I sign under penalty of perjury certifying that all information herein is complete and correct.

Print Name and Title

Owner or Company Representative Signature:

**THE WILLFUL FALSIFICATION OF ANY OF THE ABOVE STATEMENTS MAY SUBJECT THE CONTRACTOR OR SUBCONTRACTOR TO CIVIL OR CRIMINAL PROSECUTION. IN ADDITION, THE CONTRACTOR OR SUBCONTRACTOR MAY BE SUSPENDED AND PRECLUDED FROM BIDDING ON OR PARTICIPATING IN ANY COUNTY CONTRACT OR PROJECT FOR A PERIOD OF THREE (3) YEARS.**

**AGREEMENT  
CONTRACTOR'S OBLIGATIONS AS A "BUSINESS ASSOCIATE"  
UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY  
ACT OF 1996 (HIPAA)**

Under this Agreement, Contractor ("Business Associate") provides services ("Services") to County ("Covered Entity") and Business Associate receives, has access to, or creates Protected Health Information in order to provide those Services. Covered Entity is subject to the Administrative Simplification requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and regulations promulgated thereunder, including the Standards for Privacy of Individually Identifiable Health Information ("the Privacy Regulations") and the Health Insurance Reform: Security Standards ("the Security Regulations") at 45 Code of Federal Regulations Parts 160 and 164 ("together, the "Privacy and Security Regulations").

The Privacy and Security Regulations require Covered Entity to enter into a contract with Business Associate in order to mandate certain protections for the privacy and security of Protected Health Information, and those Regulations prohibit the disclosure to or use of Protected Health Information by Business Associate if such a contract is not in place.

Therefore, the parties agree as follows:

**1.0 DEFINITIONS**

- 1.1 "Disclose" and "Disclosure" means, with respect to Protected Health Information, the release, transfer, provision of access to, or divulging in any other manner of Protected Health Information outside Business Associate's internal operations or to other than its employees.
- 1.2 "Electronic Media" has the same meaning as the term "electronic media" in 45 C.F.R. § 160.103. Electronic Media means (1) Electronic storage media including memory devices in computers (hard drives) and any removable/transportable digital memory medium, such as magnetic tape or disk, optical disk, or digital memory card; or (2) Transmission media used to exchange information already in electronic storage media. Transmission media include, for example, the internet (wide-open), extranet (using internet technology to link a business with information accessible only to collaborating parties), leased lines, dial-up lines, private networks, and the physical movement of removable/transportable electronic storage media. Certain transmissions, including of paper, via facsimile, and of voice, via telephone, are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission.
- 1.3 "Electronic Protected Health Information" has the same meaning as the term "electronic protected health information" in 45 C.F.R. § 160.103. Electronic Protected Health Information means Protected Health Information that is (i) transmitted by electronic media; (ii) maintained in electronic media.

- 1.4 "Individual" means the person who is the subject of Protected Health Information, and shall include a person who qualifies as a personal representative in accordance with 45 C.F.R. § 164.502(g).
- 1.5 "Protected Health Information" has the same meaning as the term "protected health information" in 45 C.F.R. § 164.503, limited to the information created or received by Business Associate from or on behalf of Covered Entity. Protected Health Information includes information, whether oral or recorded in any form or medium, that (i) relates to the past, present, or future physical or mental health or condition of an Individual; the provision of health care to an Individual, or the past, present or future payment for the provision of health care to an Individual; (ii) identifies the Individual (or for which there is a reasonable basis for believing that the information can be used to identify the Individual); and (iii) is received by Business Associate from or on behalf of Covered Entity, or is created by Business Associate, or is made accessible to Business Associate by Covered Entity. "Protected Health Information" includes Electronic Health Information.
- 1.6 "Required By Law" means a mandate contained in law that compels an entity to make a Use or Disclosure of Protected Health Information and that is enforceable in a court of law. Required by law includes, but is not limited to, court orders and court-ordered warrants; subpoenas or summons issued by a court, grand jury, a governmental or tribal inspector general, or any administrative body authorized to require the production of information; a civil or an authorized investigative demand; Medicare conditions of participation with respect to health care providers participating in the program; and statutes or regulations that require the production of information, including statutes or regulations that require such information if payment is sought under a government program providing benefits.
- 1.7 "Security Incident" means the attempted or successful unauthorized access, Use, Disclosure, modification, or destruction of information in, or interference with system operations of, an Information System which contains Electronic Protected Health Information. However, Security Incident does not include attempts to access an Information System when those attempts are not reasonably considered by Business Associate to constitute an actual threat to the Information System.
- 1.8 "Services" has the same meaning as in the body of this Agreement.
- 1.9 "Use" or "Uses" mean, with respect to Protected Health Information, the sharing, employment, application, utilization, examination or analysis of such Information within Business Associate's internal operations.
- 1.10 Terms used, but not otherwise defined, in this Paragraph shall have the same meaning as those terms in the HIPAA Regulations.

## **2.0 OBLIGATIONS OF BUSINESS ASSOCIATE**

- 2.1 Permitted Uses and Disclosures of Protected Health Information. Business Associate:

- (a) shall Use and Disclose Protected Health Information as necessary to perform the Services, and as provided in Sub-sections 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 of this Agreement;
- (b) shall Disclose Protected Health Information to Covered Entity upon request;
- (c) may, as necessary for the proper management and administration of its business or to carry out its legal responsibilities:
  - (i) Use Protected Health Information; and
  - (ii) Disclose Protected Health Information if the Disclosure is Required by Law.

Business Associate shall not Use or Disclose Protected Health Information for any other purpose.

2.2 Adequate Safeguards for Protected Health Information. Business Associate:

- (a) shall implement and maintain appropriate safeguards to prevent the Use or Disclosure of Protected Health Information in any manner other than as permitted by this Paragraph. Business Associate agrees to limit the Use and Disclosure of Protected Health Information to the minimum necessary in accordance with the Privacy Regulation's minimum necessary standard.
- (b) effective as of April 20, 2005, specifically as to Electronic Health Information, shall implement and maintain administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of Electronic Protected Health Information.

2.3 Reporting Non-Permitted Use or Disclosure and Security Incidents. Business Associate shall report to Covered Entity each Non-Permitted Use or Disclosure that is made by Business Associate, its employees, representatives, agents or subcontractors, but is not specifically permitted by this Agreement, and effective as of April 20, 2005, shall report to Covered Entity each Security Incident of which Business Associate becomes aware. The initial report shall be made by telephone call to the Covered Entity's HIPAA Privacy Officer within forty-eight (48) hours from the time the Business Associate becomes aware of the Non-Permitted Use or Disclosure or Security Incident, followed by a full written report no later than ten (10) business days from the date the Business Associate becomes aware of the non-permitted Use or Disclosure or Security Incident to the Chief Privacy Officer at:

Chief HIPAA Privacy Officer, County of Los Angeles  
Kenneth Hahn Hall of Administration  
500 West Temple St.  
Suite 410  
Los Angeles, CA 90012  
(213) 974-2164

- 2.4 Mitigation of Harmful Effect. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a Use or Disclosure of Protected Health Information by Business Associate in violation of the requirements of this Paragraph.
- 2.5. Availability of Internal Practices, Books and Records to Government Agencies. Business Associate agrees to make its internal practices, books and records relating to the Use and Disclosure of Protected Health Information available to the Secretary of the federal Department of Health and Human Services for purposes of determining Covered Entity's compliance with the Privacy and Security Regulations. Business Associate shall immediately notify Covered Entity of any requests made by the Secretary and provide Covered Entity with copies of any documents produced in response to such request.
- 2.6 Access to Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make the Protected Health Information specified by Covered Entity available to the Individual(s) identified by Covered Entity as being entitled to access and copy that Protected Health Information. Business Associate shall provide such access for inspection of that Protected Health Information within two (2) business days after receipt of request from Covered Entity. Business Associate shall provide copies of that Protected Health Information within five (5) business days after receipt of request from Covered Entity.
- 2.7 Amendment of Protected Health Information. Business Associate shall, to the extent Covered Entity determines that any Protected Health Information constitutes a "designated record set" as defined by 45 C.F.R. § 164.501, make any amendments to Protected Health Information that are requested by Covered Entity. Business Associate shall make such amendment within ten (10) business days after receipt of request from Covered Entity in order for Covered Entity to meet the requirements under 45 C.F.R. § 164.526.
- 2.8 Accounting of Disclosures. Business Associate agrees to maintain documentation of the information required to provide an accounting of Disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528, and to make this information available to Covered Entity upon Covered Entity's request, in order to allow Covered Entity to respond to an Individual's request for accounting of disclosures. However, Business Associate is not required to provide an accounting of Disclosures that are necessary to perform its Services if such Disclosures are for either payment or health care operations purposes, or both. Additionally, such accounting is limited to disclosures that were made in the six (6) years prior to the request (not including disclosures that were made prior to the compliance date of the Privacy Rule, April 14, 2003) and shall be provided for as long as Business Associate maintains the Protected Health Information.

Any accounting provided by Business Associate under this Section 2.8 shall include: (a) the date of the Disclosure; (b) the name, and address if known, of the entity or person who received the Protected Health Information; (c) a brief description of the Protected Health Information disclosed; and (d) a brief statement of the purpose of the Disclosure. For each Disclosure that could require an accounting under this Sub-section 2.8, Business Associate shall document the information specified in (a) through (d), above, and shall securely maintain the information for six (6) years from the date of the Disclosure. Business Associate shall provide to Covered Entity, within ten (10) business days after receipt of request from Covered Entity, information collected in accordance with this Sub-section 2.8 to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528.

### **3.0 OBLIGATION OF COVERED ENTITY**

- 3.1 Obligation of Covered Entity. Covered Entity shall notify Business Associate of any current or future restrictions or limitations on the use of Protected Health Information that would affect Business Associate's performance of the Services, and Business Associate shall thereafter restrict or limit its own uses and disclosures accordingly.

### **4.0 TERM AND TERMINATION**

- 4.1 Term. The term of this Paragraph shall be the same as the term of this Agreement. Business Associate's obligations under Sections 2.1 (as modified by Section 4.2), 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 4.3 and 5.2 shall survive the termination or expiration of this Agreement.
- 4.2 Termination for Cause. In addition to and notwithstanding the termination provisions set forth in this Agreement, upon Covered Entity's knowledge of a material breach by Business Associate, Covered Entity shall either:
- (a) Provide an opportunity for Business Associate to cure the breach or end the violation, and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity; or
  - (b) Immediately terminate this Agreement if Business Associate has breached a material term of this Paragraph and cure is not possible; or
  - (c) If neither termination or cure are feasible, Covered Entity shall report the violation to the Secretary of the federal Department of Health and Human Services.
- 4.3 Disposition of Protected Health Information Upon Termination or Expiration
- (a) Except as provided in paragraph (b) of this section, upon termination for any reason or expiration of this Agreement, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or



created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

- (b) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make it infeasible. If return or destruction is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

## 5.0 MISCELLANEOUS

- 5.1 No Third Party Beneficiaries. Nothing in this Paragraph shall confer upon any person other than the parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.
- 5.2 Use of Subcontractors and Agents. Business Associate shall require each of its agents and subcontractors that receive Protected Health Information from Business Associate, or create Protected Health Information for Business Associate, on behalf of Covered Entity, to execute a written agreement obligating the agent or subcontractor to comply with all the terms of this Agreement.
- 5.3 Relationship to Agreement Provisions. In the event that a provision of this Paragraph is contrary to any other provision of this Agreement, the provision of this Paragraph shall control. Otherwise, this Paragraph shall be construed under, and in accordance, with the terms of the Agreement.
- 5.4 Regulatory References. A reference in this Paragraph to a section in the Privacy or Security Regulations means the section as in effect or as amended.
- 5.5 Interpretation. Any ambiguity in this Paragraph shall be resolved in favor of a meaning that permits Covered Entity to comply with the Privacy and Security Regulations.
- 5.6 Amendment. The parties agree to take such action as is necessary to amend this Paragraph from time to time as is necessary for Covered Entity to comply with the requirements of the Privacy and Security Regulations.

Effective: 4/30/05

g/amr/WC TPA RFP 2008/Contract – Exhibits for Contract 6-16-08

# **TECHNICAL EXHIBITS**

## TECHNICAL EXHIBITS

### Technical Exhibit

- I CEO, Risk Management Branch Description
- II Other County Departments
- III Open Claims by Department – Unit 3
- IV New Claims by Year and Month – Unit 3
- V Workload Statistics – Historical and Annual Self-Insurance Plans  
Reports
- VI Delayed Claims Administration Report
- VII Equipment List to Connect to GENCOMP
- VIII Quality of Work Performance Requirements Summary
- IX Performance Requirements Summary
- X Contract Discrepancy Report
- XI Workers' Compensation – Payments & Negotiation Authorization  
Limits
- XII Payment Provisions
- XIII Anatomy of a Payment
- XIV Examples of Overpayments and Excess Costs
- XV Balance Sheet
- XVI Claim Status Reports Form & Guidelines
- XVII Los Angeles County Code 5.31.050

## CHIEF EXECUTIVE OFFICE

### RISK MANAGEMENT BRANCH

All of the programs below contribute to the following objectives: to place employees in jobs in which they can perform safely and effectively; to reduce the loss of time due to illness or injury; to reduce the number of retirements which are a result of disability; to meet legal mandates related to health, safety and insurance; and, to accomplish the above at the least possible cost.

#### WORKERS' COMPENSATION CLAIMS PROGRAM

The primary objective of the program is to provide all workers' compensation benefits required under State law to injured County employees on a timely basis, and at the least possible cost to the County. These benefits include medical care, temporary disability compensation, permanent disability compensation, vocational rehabilitation and death benefits.

Major activities include: determining the County's workers' compensation liability for approximately 12,000 alleged job-related injuries and illnesses each year; providing statutory workers' compensation benefits and expenses (excluding salary continuation and Labor Code 4850 benefits) which totaled approximately \$324,414,785 in Fiscal Year (FY) 2003/2004, approximately \$272,735,278 in FY 2004/2005, approximately \$263,053,690 in FY 2005/2006, and \$279,991,751 in FY 2006/2007 for all injury claims determined to be work related; investigating all disability; monitoring medical care of injured employees to ensure that necessary and appropriate treatment is offered and arranged; coordinating the preparation of all litigated cases with the County Counsel; referring appropriate claims to departmental return-to-work coordinators and rehabilitation staff; and, identifying possible safety problems and providing this information to appropriate staff.

#### EARLY RETURN TO WORK PROGRAM

The Early Return to Work Program was established to conserve human resources by returning ill or injured employees to work as soon as possible during the recovery period. The Program's activities are carried out by departmental return-to-work coordinators, with technical assistance and policy guidance of the return-to-work/rehabilitation staff of the Chief Executive Office. Successful return-to-work program efforts increase employee productivity through reduction and control of lost time, the costs of rehabilitation benefits, long-term disability payments and disability retirement benefits.

### LONG TERM DISABILITY AND SURVIVOR PLAN

The Long-Term Disability Plan provides income benefits to employees who are expected to be disabled from the job for six months or more. The Plan also provides survivor benefits to the spouse or eligible children of any deceased employee who would otherwise have qualified for disability benefits. The staff of the Long-Term Disability third party administrator receives, evaluates and determines eligibility of disability and survivor claimants. The plan covers approximately 63,917 Active General Members of Retirement Plans A - E.

### MEGA-FLEX SHORT TERM DISABILITY

The Short Term Disability (STD) Plan covers approximately 10,071 employees who are enrolled in the County's Mega-Flex benefit program. The STD Plan provides disability benefits for periods of disability of less than six months for either work-related or non-work-related illness or injury. The STD benefits are coordinated with workers' compensation temporary disability benefits.

OTHER COUNTY DEPARTMENTS PROVIDING WORKERS'  
COMPENSATION PROGRAM SERVICES

COUNTY COUNSEL: Workers' Compensation Division

The Workers' Compensation Division represents the County of Los Angeles in the defense of workers' compensation claims that are filed against the County before the Workers' Compensation Appeals Board, and the State Appellate Courts. This Division provides advice and counsel to the Risk Management Branch of the Chief Executive Office and also designates private law firms to provide legal counsel.

COUNTY AUDITOR-CONTROLLER: Disbursement Division

The Risk Management Branch and the TPAs authorize the payments to be made on workers' compensation claims. The General Claims Section of the Disbursements Division of the Auditor-Controller receives the authorizations and issues the warrants. The Workers' Compensation and Budget and Fiscal Services of the Chief Executive Office provides fiscal, clerical and data processing support services relating to all payment activity.

**Addendum**  
**Appendix C - Technical Exhibit III**  
**UNIT 3 Open Indemnity Claims**

DATE	OPEN INDEMNITY CLAIMS
12/31/00	5,640
01/22/01	5,763
02/01/01	5,822
03/01/01	5,980
04/01/01	5,965
04/10/01	5,972
05/01/01	6,016
06/01/01	5,812
06/29/01	5,888
08/01/01	5,922
09/04/01	5,758
10/01/01	5,582
11/01/01	5,605
12/03/01	5,553
01/02/02	5,515
01/31/02	5,573
02/28/02	5,574
03/31/02	5,660
04/30/02	5,736
05/31/02	5,844
06/30/02	6,008
07/31/02	6,121
08/30/02	6,270
09/30/02	6,160
10/31/02	6,272
11/30/02	6,283
12/31/02	6,339
01/31/03	6,233
02/28/03	6,358
03/31/03	6,171
04/30/03	6,267
05/31/03	6,277
06/30/03	6,323
07/31/03	6,382
08/30/03	6,410
09/30/03	6,484
10/31/03	6,600
11/30/03	6,663
12/31/03	6,765
01/31/04	7,014
02/29/04	7,126
03/31/04	7,076
04/30/04	7,351
06/01/04	7,256
07/02/04	7,248
08/02/04	7,214
09/01/04	7,281
10/01/04	7,205
11/01/04	7,136
12/01/04	7,114

DATE	OPEN INDEMNITY CLAIMS
01/03/05	7,170
02/01/05	7,117
03/01/05	7,060
04/01/05	7,060
05/02/05	6,974
06/01/05	6,956
07/05/05	6,886
08/01/05	6,889
09/01/05	6,899
10/01/05	6,940
11/07/05	6,978
12/02/05	6,933
01/02/06	6,948
02/01/06	6,839
03/01/06	6,895
04/01/06	6,883
05/02/06	6,843
06/01/06	6,822
07/05/06	6,688
08/01/06	6,764
09/01/06	6,804
10/01/06	6,764
11/07/06	6,687
01/02/07	6,693
02/01/07	6,696
03/01/07	6,747
04/05/07	6,853
05/02/07	6,898
06/01/07	6,784
07/05/07	6,743
08/01/07	6,748
09/01/07	6,768
10/01/07	6,742
10/31/07	6,730
12/05/07	6,795
01/02/08	6,736

[illegible]



<b>NEW CLAIMS BY YEAR AND MONTH -- UNIT 3</b>			
Month and Year	Medical Only	Indemnity	TOTAL
January, 2002	40	173	213
February, 2002	46	176	222
March, 2002	64	172	236
April, 2002	57	204	261
May, 2002	51	183	234
June, 2002	61	194	255
July, 2002	66	259	325
August, 2002	53	239	292
September, 2002	62	208	270
October, 2002	45	220	265
November, 2002	35	147	182
December, 2002	34	175	209

## Unit 3

	Medical Only	Indemnity	TOTAL
January, 2003	40	202	242
February, 2003	38	222	260
March, 2003	39	221	260
April, 2003	47	230	277
May, 2003	31	189	220
June, 2003	50	179	229
July, 2003	76	202	278
August, 2003	49	191	240
September, 2003	42	177	219
October, 2003	43	187	230
November, 2003	41	152	193
December, 2003	42	157	199
January, 2004	45	165	210
February, 2004	50	142	192
March, 2004	68	211	279
April, 2004	70	194	264
May, 2004	36	174	210
June, 2004	49	183	232
July, 2004	67	161	228

## Unit 3

	Medical Only	Indemnity	TOTAL
August, 2004	67	170	237
September, 2004	47	172	219
October, 2004	40	171	211
November, 2004	34	150	184
December, 2004	30	169	199
January, 2005	26	134	160
February, 2005	45	172	217
March, 2005	47	202	249
April, 2005	45	145	190
May, 2005	44	157	201
June, 2005	42	155	197
July, 2005	63	149	212
August, 2005	65	152	217
September, 2005	49	180	229
October, 2005	44	155	199
November, 2005	50	161	211
December, 2005	48	134	182
January, 2006	55	144	199
February, 2006	49	145	194
March, 2006	44	163	207
April, 2006	38	148	186
May, 2006	43	161	204
June, 2006	39	175	214

## Unit 3

	Medical Only	Indemnity	TOTAL
July, 2006	39	166	205
August, 2006	60	175	235
September, 2006	24	151	175
October, 2006	42	161	203
November, 2006	34	122	156
December, 2006	23	121	144
January, 2007	34	160	194
February, 2007	30	124	154
March, 2007	37	180	217
April, 2007	51	150	201
May, 2007	43	194	237
June, 2007	53	157	210
July, 2007	62	173	235
August, 2007	85	155	240
September, 2007	50	126	176
October, 2007	61	153	214
November, 2007	9	6	15

## Workload Statistics

### Historical and Annual Self-Insurance Plans Reports for

#### Fiscal Years

**2003-2004, 2004-2005, 2005-2006 and 2006-2007**

## II. CONSOLIDATED LIABILITIES

Certificate Number: 6-7002-00-000

Name of Master Certificate Holder: COUNTY OF LOS ANGELES

Type of Report: ☒ Original Report (Due October 1 each year)

☐ Interim/Amended Report for the Period of:  
\_\_\_/\_\_\_/\_\_\_ to \_\_\_/\_\_\_/\_\_\_

### A. CASES AND BENEFITS (to nearest dollar)

	Number	Incurred Liability		Paid to Date		Future Liability	
		\$Indemnity	\$Medical	\$Indemnity	\$Medical	\$Indemnity	\$Medical
1. Cases open as of 06/30/2004 reported prior to FY 1999-2000	6888	738294630	719486148	467217777	450152263	271076853	269333885
2a. FY 1999-2000 Total cases reported	11748	193663296	108040225	112975663	73393796		
FY 1999-2000 Cases Open	1859	164031861	87975223	83344228	53328794	80687633	34646429
b. FY 2000-2001 Total cases reported	11858	164745512	105136786	94806157	67541556		
FY 2000-2001 Cases Open	2283	143128576	88904652	73189221	51309422	69939355	37595230
c. FY 2001-2002 Total cases reported	12102	149220768	109882039	77101563	65220700		
FY 2001-2002 Cases Open	3087	135955085	97900449	63835880	53239110	72119205	44661339
d. FY 2002-2003 Total cases reported	11955	126122761	100505520	48123635	50781880		
FY 2002-2003 Cases Open	4275	121215401	93928239	43216275	44204599	77999126	49723640
e. FY 2003-2004 Total cases reported	11490	69166859	68468926	11405401	14041776		
FY 2003-2004 Cases Open	7070	67998240	66298427	10236782	11871277	57761458	54427150
SUB TOTAL						629583630	490387673
3. ESTIMATED FUTURE LIABILITY (Indemnity plus Medical):	TOTAL						1119971303
4. Total Benefits paid during FY 2003-2004 (include all case expenditures):							\$Indemnity 181891156 \$Medical 157574667
5. Number of MEDICAL-ONLY cases reported in FY 2003-2004:							3668
6. Number of INDEMNITY cases reported in FY 2003-2004:							7822
7. TOTAL of 5 and 6 (also enter in 2e above):							11490
8. TOTAL number of open indemnity cases (all years):							23689
9. Number of Fatality cases reported in FY 2003-2004:							15
10. (a) Number of FY 2003-2004 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2003-2004:							2064
(b) Number of non-FY 2003-2004 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2003-2004:							1403

### B. TOTAL EMPLOYMENT & WAGES PAID IN FISCAL YEAR 2003-2004 FOR THIS SELF INSURER:

(a) NUMBER OF EMPLOYEES	93120
(Number of individual employees listed on Form DE-6 for year ending June 30, 2004)	
(b) TOTAL WAGES AND SALARIES PAID	5310197369
(As reported on EDD Form DE-6 Line M for all four quarters)	

Fiscal Year  
**03/04**

### III.A. ADMINISTRATOR

#### A. NAME OF CURRENT ADMINISTRATOR(S)/ADMINISTRATING AGENCY(IES) AT THE TIME OF PREPARING THIS REPORT.

1. Name (Person) Lanai Phoung Phun Administrative Agency's  
 Agency Name Intercare Insurance Services Certificate No.: 239  
 Address P.O. Box 14243 or ☐ Self Administered  
 City Orange State CA Zip+4 92863-4243

#### B. HAS THERE BEEN A CHANGE IN ADMINISTRATOR/ADMINISTRATIVE AGENCY DURING THE PERIOD OF THIS REPORT PERIOD? ☒ YES ☐ NO IF YES, DATE OF CHANGE: 010104

Month Day Year

TYPE OF CHANGE: ☐ Change in Administrative Agency  
☐ Change to or from Self Administration

#### C. NAME OF PRIOR ADMINISTRATOR(S)/ADMINISTRATIVE AGENCY(IES):

Name C. T. Kelley  
 Agency Name Crawford & Company - Cert No: 004  
 Address P.O. Box 14243  
 City Orange State CA Zip+4 92863-4243

### CERTIFICATION

I declare under penalty of perjury that I have prepared or caused this report to be prepared and I have examined this consolidated report of this self insurer's workers' compensation liabilities. To the best of my knowledge and belief this report is true, correct and complete with respect to the workers' compensation liabilities incurred and paid. I further declare under the penalty of perjury that the estimates of future liability of workers' compensation claims made in this report reflect the administrator's best judgment as to the future liability of claims, using prevailing industry standards, and the signatory intends Self Insurance Plans to rely upon the representation.

Lanai Phoung Phun  
 Original Signature of Administrator (Person)

Lanai Phoung Phun

Typed Name of Administrator

Claims Manager

Title

Date 9-16-04

County of Los Angeles

Name of Administrative Agency or Employer

3333 Wilshire Blvd., Suite 820

Street Address

Los Angeles CA 90010

City State Zip+4

Phone No. of Administrator (714) 480-4428  
 area code

Fax No. (714) 480-0041  
 area code

E-mail Address of Administrator lphoung@intercareins.com

Fiscal Year  
**03/04**

NOTE: Claims Administrator  
Complete this page for each adjusting  
location where there are AT LEAST  
two adjusting locations.

Page 3  
Fiscal Year Ending June 30, 2004

### III. LIABILITIES BY REPORTING LOCATION

Reporting Location Nos.: 4-7002-05-239

Name/Identification of Location: INTERCARE INSURANCE SERVICES  
OR

Name of Affiliate/Subsidiary Certificate Holder: INTERCARE INSURANCE SERVICES

Type of Report:

Interim/Amended Report for the period of:

XX Original Report (Due October 1 each year)

\_\_\_ to \_\_\_

#### A. CASES AND BENEFITS (to nearest dollar)

	Number	Incurred Liability		Paid to Date		Future Liability	
		\$Indemnity	\$Medical	\$Indemnity	\$Medical	\$Indemnity	\$Medical
1. Cases open as of 06/30/2004 reported prior to FY 1999-2000	1985	215119084	188301652	125826172	103139864	89292912	85161788
2a. FY 1999-2000 Total cases reported	2735	62550981	24025200	28038508	16100651	11111111	11111111
FY 1999-2000 Cases Open	543	55611754	19884056	21099281	11959507	34512473	7924549
b. FY 2000-2001 Total cases reported	2846	46690769	26929071	21780713	15970550	11111111	11111111
FY 2000-2001 Cases Open	708	42215802	23249975	17255746	12291454	24960056	10958521
c. FY 2001-2002 Total cases reported	2764	37193181	26582450	15039767	14738441	11111111	11111111
FY 2001-2002 Cases Open	964	34058532	24263745	11905118	12419708	24153614	11844039
d. FY 2002-2003 Total cases reported	2928	28144417	26232646	7765309	13646886	11111111	11111111
FY 2002-2003 Cases Open	1513	26921022	24958528	6541914	12872768	20179108	12585760
e. FY 2003-2004 Total cases reported	2657	17976404	16788119	2566385	3454163	11111111	11111111
FY 2003-2004 Cases Open	2196	17630059	16461578	2220050	3122620	11540019	11339958
3. ESTIMATED FUTURE LIABILITY (Indemnity plus Medical)						TOTAL	348516597
4. Total Benefits paid during FY 2003-2004 (include all case expenditures):						\$Indemnity	\$Medical
						40151701	16362511
5. Number of MEDICAL ONLY cases reported in FY 2003-2004:							655
6. Number of INDEMNITY cases reported in FY 2003-2004:							2002
7. TOTAL of 5 and 6 (also enter in 2e above):							2657
8. TOTAL number of open indemnity cases (all years):							7270
9. Number of Fatality cases reported in FY 2003-2004:							4
10. (a) Number of FY 2003-2004 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2003-2004:							369
(b) Number of non-FY 2003-2004 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2003-2004:							337

Fiscal Year  
03/04



## II. CONSOLIDATED LIABILITIES

Certificate Number: 6-7002-00-000

Name of Master Certificate Holder: COUNTY OF LOS ANGELES

Type of Report:

☒ Original Report (Due October 1 each year)

Interim/Amended Report for the Period of:  
From: \_\_\_/\_\_\_/\_\_\_ To: \_\_\_/\_\_\_/\_\_\_

### A. CASES AND BENEFITS (to nearest dollar)

		Incurred Liability		Paid to Date		Future Liability		
		Number	\$Indemnity	\$Medical	\$Indemnity	\$Medical	\$Indemnity	\$Medical
1.	Cases open as of 06/30/2005 reported prior to FY 2000-2001	7667	891337788	784644802	548964214	508375418	342373574	276269384
2a.	FY 2000-2001 Total cases reported	12044	183123391	107961459	113889097	75308830		
	FY 2000-2001 Cases open	1859	151761387	85823232	82527093	53170603	69234294	32652629
b.	FY 2001-2002 Total cases reported	12370	169785931	116575258	102751771	75588519		
	FY 2001-2002 Cases open	2380	145249022	97443619	78214862	56456880	67034160	40986739
c.	FY 2002-2003 Total cases reported	12206	153841918	114817979	81260988	65729154		
	FY 2002-2003 Cases open	3148	139696530	101900027	67115600	52811212	72580930	49088825
d.	FY 2003-2004 Total cases reported	11727	105515024	100323548	42955208	32063890		
	FY 2003-2004 Cases open	3592	100020784	93534940	37460968	25275282	62559816	68259658
e.	FY 2004-2005 Total cases reported	10576	59470275	56993679	10604010	9014862		
	FY 2004-2005 Cases open	5889	58017826	55301594	9151561	7322777	48866265	47978817
SUB TOTAL							662649039	515236052
3.	ESTIMATED FUTURE LIABILITY (Indemnity plus Medical):						TOTAL	1177885091
							\$Indemnity	\$Medical
4.	Total Benefits paid during FY 2004-2005 (including all case expenditures):						168628048	108113836
5.	Number of MEDICAL ONLY cases reported in FY 2004-2005:							3774
6.	Number of INDEMNITY cases reported in FY 2004-2005:							6802
7.	TOTAL of 5 and 6 (also entered in 2e above):							10576
8.	TOTAL number of open indemnity cases (all years):							2303
9.	Number of Fatality cases reported in FY 2004-2005:							1
10.	(a) Number of FY 2004-2005 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2004-2005:							105
10.	(b) Number of non-FY 2004-2005 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2004-2005:							57

### B. TOTAL EMPLOYMENT AND WAGES PAID IN FISCAL YEAR 2004-2005 FOR THIS SELF INSURER:

- (a) NUMBER OF EMPLOYEES 91577  
(Number of individual employees listed on Form DE-6 for year ending June 30, 2005)
- (b) TOTAL WAGES AND SALARIES PAID 5441830057  
(As reported on EDD Form DE-6 Line M for all four quarters)

Fiscal Year  
04/05

A. NAME OF ADMINISTRATOR(S)/ADMINISTRATING AGENCY(IES) SUBMITTING THIS REPORT.

1. Name (Person) Kathleen Burris Administrative Agency's  
 Agency Name Intercare Insurance Service Certificate No.: 239  
 Address P.O. Box 14243 or ☐ Self Administered  
 City Orange State CA Zip+4 92863-4243

B. HAS THERE BEEN A CHANGE IN ADMINISTRATOR/ADMINISTRATIVE AGENCY DURING THE PERIOD OF THIS REPORT PERIOD? ☐ YES ☒ NO

IF YES: DATE OF CHANGE: ☐ ☐ ☐ ☐ ☐ ☐  
 Month Day Year

TYPE OF CHANGE: ☐ Change in Administrative Agency  
☐ Change to or from Self Administration

NAME OF NEW ADMINISTRATOR(S)/ADMINISTRATIVE AGENCY(IES):

Name \_\_\_\_\_  
 Agency Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip+4 \_\_\_\_\_

CERTIFICATION

I declare under penalty of perjury that I have prepared or caused this report to be prepared and I have examined this liability report of this self insurer's workers' compensation liabilities. To the best of my knowledge and belief this report is true, correct and complete with respect to the workers' compensation liabilities incurred and paid. I further declare under the penalty of perjury that the estimates of future liability of workers' compensation claims made in this report reflect the administrator's best judgment as to the future liability of claims, using prevailing industry standards, and the signatory intends Self Insurance Plans to rely upon the representation.

Original Signature of Administrator (Qualified Person)

Kathleen Burris  
 Typed Name of Administrator  
Claims Manager  
 Title

Date

9/26/05  
Intercare Insurance Service  
 Name of Administrative Agency or Employer  
P.O. Box 14243  
 Street Address  
Orange CA 92863-4243  
 City State Zip+4

Phone No. of Administrator (714) 480-4428  
 area code

Fax No. (714) 480-0041  
 area code

E-mail Address of Administrator kburris@intercareins.com

Fiscal Year

04/05

## II. LIABILITIES BY REPORTING LOCATION

Reporting Location Nos.: 4-7002-05-239

Name/Identification of Location: INTERCARE INSURANCE SERVICES

OR

Name of Subsidiary/Affiliate Certificate Holder: INTERCARE INSURANCE SERVICES

Type of Report:

Interim/Amended for the Period of:  
From \_\_\_/\_\_\_/\_\_\_ To \_\_\_/\_\_\_/\_\_\_

☒ Original Report (Due October 1 each year)

### 1. CASES AND BENEFITS (to nearest dollar)

			Incurred Liability		Paid to Date		Future Liability		
			Number	\$Indemnity	\$Medical	\$Indemnity	\$Medical	\$Indemnity	\$Medical
1.	Cases open as of 06/30/2005 reported prior to FY 2000-2001		2302	265086394	193629839	151448624	119736514	113637770	73893325
2a.	FY 2000-2001	Total cases reported	2895	56110131	26169522	27366370	18038667	////////	////////
	FY 2000-2001	Cases open	559	49305660	21200340	20561929	13069485	28743761	8130855
b.	FY 2001-2002	Total cases reported	2834	44291670	28097789	22833528	17149221	////////	////////
	FY 2001-2002	Cases open	680	37960291	23993905	16502149	13045337	21458142	10948568
c.	FY 2002-2003	Total cases reported	3014	40790299	27972234	18072534	16986290	////////	////////
	FY 2002-2003	Cases open	959	36125367	24745574	13407802	13759630	22717765	10985944
d.	FY 2003-2004	Total cases reported	2736	29867557	42739171	10071294	7879154	////////	////////
	FY 2003-2004	Cases open	1103	27849852	41165695	8053599	6305678	19796263	34860017
e.	FY 2004-2005	Total cases reported	2477	19082494	16367466	4222219	2988600	////////	////////
	FY 2004-2005	Cases open	1676	18494773	15890946	3634498	2512080	14860275	13378866
SUB TOTAL								221213976	152197575
3.	ESTIMATED FUTURE LIABILITY (Indemnity plus Medical):							TOTAL	373411551
4.	Total Benefits paid during FY 2004-2005 (including all case expenditures):							\$Indemnity	\$Medical
								49096344	26715481
5.	Number of MEDICAL-ONLY cases reported in FY 2004-2005:								623
6.	Number of INDEMNITY cases reported in FY 2004-2005:								1854
7.	TOTAL of 5 and 6 (also entered in 2e above):								2477
8.	TOTAL number of open indemnity cases (all years):								6870
9.	Number of Fatality cases reported in FY 2004-2005:								4
10.	(a) Number of FY 2004-2005 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2004-2005:								189
10.	(b) Number of non-FY 2004-2005 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2004-2005:								142

Fiscal Year  
04/05

Complete this page for ALL reports

## II. LIABILITIES BY REPORTING LOCATION

Reporting Location Nos.: 6-7002-00-000

Name of Master Certificate Holder: COUNTY OF LOS ANGELES

Type of Report:

☒ Original Report (Due October 1 each year) ☐ Amended Report for the Period of: ☐ Interim Report

From Date \_\_\_/\_\_\_/\_\_\_ To Date \_\_\_/\_\_\_/\_\_\_

### A. CASES AND BENEFITS (to nearest dollar)

	Number	Incurred Liability		Paid to Date		Future Liability	
		\$Indemnity	\$Medical	\$Indemnity	\$Medical	\$Indemnity	\$Medical
1. Cases open as of 06/30/2006 reported prior to FY 2001-02	8306	1000843549	857776312	627130879	567361085	373712670	290415227
2a. FY 2001-02 Total cases reported	12370	181826091	122894366	122210573	84523640		
FY 2001-02 Cases open	1954	144712088	96945108	85096570	58574382	59615518	38370726
b. FY 2002-03 Total cases reported	12207	173634888	118904622	105786960	77153368		
FY 2002-03 Cases open	2558	148512330	99415457	80664402	57664203	67847928	41751254
c. FY 2003-04 Total cases reported	11727	129534499	84002754	69092428	43377255		
FY 2003-04 Cases open	2812	116828882	73129186	56386811	32503687	60442071	40625499
d. FY 2004-05 Total cases reported	10612	88968953	62398161	36100929	23322935		
FY 2004-05 Cases open	3076	83923220	57395880	31055196	18320654	52868024	39075226
e. FY 2005-06 Total cases reported	10578	61149769	60147557	10228520	8140895		
FY 2005-06 Cases open	6320	59685946	58616440	8764697	6609778	50921249	52006662
SUB TOTAL						665407460	502244594
3. ESTIMATED FUTURE LIABILITY (Indemnity plus Medical):	TOTAL						1167652054
4. Total Benefits paid during FY 2005-06 (including all case expenditures):							\$Indemnity 158577649 \$Medical 108811995
5. Number of MEDICAL-ONLY cases reported in FY 2005-06:							3902
6. Number of INDEMNITY cases reported in FY 2005-06:							6676
7. TOTAL of 5 and 6 (also entered in 2e above):							10578
8. TOTAL number of open indemnity cases (all years):							23099
9. Number of Fatality cases reported in FY 2005-06:							11
10. (a) Number of FY 2005-06 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2005-06:							1404
10. (b) Number of non-FY 2005-06 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2005-06:							948

Fiscal Year

05/06

A. NAME OF ADMINISTRATOR(S)/ADMINISTRATING AGENCY(IES) SUBMITTING THIS REPORT.

1. Name (Person) Kathleen Burris Administrative Agency's  
Agency Name Intericare Insurance Services Certificate No.: 239  
Address P.O. 12243 or ☒ Self Administered  
City Orange State CA Zip+4 92863-1243

B. HAS THERE BEEN A CHANGE IN ADMINISTRATOR/ADMINISTRATIVE AGENCY DURING THE PERIOD OF THIS REPORT PERIOD? ☐ YES ☒ NO

IF YES: DATE OF CHANGE:

TYPE OF CHANGE: ☐ Change in Administrative Agency  
☒ Change to or from Self Administration

NAME OF NEW ADMINISTRATOR(S)/ADMINISTRATIVE AGENCY(IES):

Name   
Agency Name   
Address   
City  State  Zip+4

CERTIFICATION

I declare under penalty of perjury that I have prepared or caused this report to be prepared and I have examined this liabilities report of this self insurer's workers' compensation liabilities. To the best of my knowledge and belief this report is true, correct and complete with respect to the workers' compensation liabilities incurred and paid. I further declare under the penalty of perjury that the estimates of future liability of workers' compensation claims made in this report reflect the administrator's best judgment as to the future liability of claims, using prevailing industry standards, and the signatory intends Self Insurance Plans to rely upon the representation.

Original Signature of Administrator (Qualified Person) Kathy Burris

Date: 7/31/05

TYPED NAME OF ADMINISTRATOR

Administrator's First Name: Kathleen MI:  Last Name: Burris

Title: Claims Manager

Name of Administrative Agency or Employer: Intericare Insurance Services

Street Address: 701 S. Parker Street 9th Floor

City: Orange State: CA Zip+4: 92863-1720

Phone No. of Administrator: (714) 480-4428 Fax No.: (714) 480-0041

E-mail Address of Administrator: kburris@intericarems.com

Fiscal Year  
**05/06**

NOTE: Claims Administrator  
Complete this page for ALL reports



## II. LIABILITIES BY REPORTING LOCATION

Reporting Location Nos.: 67002-05-239

Name of Master Certificate Holder: County of Los Angeles

Type of Report:

☒ Original Report (Due October 1 each year) ☐ Amended Report for the Period of: ☐ Interim Report

### A. CASES AND BENEFITS (to nearest dollar)

From Date (mm/dd/yy) To Date (mm/dd/yy)

	Number	Incurred Liability		Paid to Date		Future Liability	
		\$ Indemnity	\$ Medical	\$ Indemnity	\$ Medical	\$ Indemnity	\$ Medical
1. Cases open as of 6/30/2006 reported prior to FY 2001-02	2496	291,952,216	205,998,402	174,927,425	182,525,777	119,080,191	78,726,655
2. Open & Closed Cases:							
a. FY 2001-02 Total Cases Reported	3321	47,602,327	28,351,967	28,887,981	15,682,095		
FY 2001-02 Cases Open	524	37,992,063	22,668,001	19,177,567	12,983,220		
b. FY 2002-03 Total Cases Reported	3104	67,282,906	29,574,408	25,131,691	19,249,393		
FY 2002-03 Cases Open	762	49,408,687	22,469,058	17,323,692	11,796,073		
c. FY 2003-04 Total Cases Reported	2727	47,008,536	18,754,087	17,664,490	10,162,578		
FY 2003-04 Cases Open	811	37,355,376	11,584,527	13,221,381	7,554,218		
d. FY 2004-05 Total Cases Reported	2722	42,926,513	14,666,227	12,720,496	8,970,381		
FY 2004-05 Cases Open	3321	1,676,218	1,068,053	9,859,762	5,972,187		
e. FY 2005-06 Total Cases Reported	2127	1,623,619	1,374,365	1,497,523	2,806,297		
FY 2005-06 Cases Open	1268	1,532,153	1,024,616	1,188,059	2,259,521		
SUBTOTAL						\$ Indemnity	\$ Medical
TOTAL						206,226,642	122,889,383
3. ESTIMATED FUTURE LIABILITY (Indemnity plus Medical)						329,116,025	
						\$ Indemnity	\$ Medical
4. Total Benefits paid during FY 2005-06 (including all case expenditures):						9,014,742	1,997,614
5. Number of MEDICAL-ONLY cases reported in FY 2005-06:						682	
6. Number of INDEMNITY cases reported in FY 2005-06:						1749	
7. TOTAL of 5 and 6 (also entered in 2e above):						2431	
8. TOTAL number of open indemnity cases (all years):						6,640	
9. Number of Fatality cases reported in FY 2005-06:						3	
10. (a) Number of FY 2005-06 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2005-06:						286	
10. (b) Number of non-FY 2005-06 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2005-06:						239	

Fiscal Year  
**05/06**

NOTE: Claims Administrator  
Complete this page for ALL reports

II. LIABILITIES BY REPORTING LOCATION

Reporting Location Nos.: 6-7002-00-000  
Name of Master Certificate Holder: COUNTY OF LOS ANGELES  
Type of Report:

XX Original Report (Due October 1 each year)      Amended Report for the Period of:      Interim Report

From Date    /    /    To Date    /    /   

A. CASES AND BENEFITS (to nearest dollar)

			Incurred Liability		Paid to Date		Future Liability		
			Number	\$Indemnity	\$Medical	\$Indemnity	\$Medical	\$Indemnity	\$Medical
1.	Cases open as of 06/30/2007 reported prior to FY 2002-03		8984	1142626880	929246835	699891810	628723965	442735070	300522870
2a.	FY 2002-03	Total cases reported	12207	267529786	125712614	125852731	86486553		
	FY 2002-03	Cases open	2112	228665222	97420768	86988167	58194707	141677055	39226061
b.	FY 2003-04	Total cases reported	11727	145880530	90879139	91076264	52224808		
	FY 2003-04	Cases open	2230	119914880	74270722	65110614	35616391	54804266	38654331
c.	FY 2004-05	Total cases reported	10612	105901960	67425484	57735938	31685816		
	FY 2004-05	Cases open	2267	95029898	59271290	46863876	23531622	48166022	35739668
d.	FY 2005-06	Total cases reported	10634	89295249	62817456	36165215	22110819		
	FY 2005-06	Cases open	2992	83429324	57989000	30299290	17282363	53130034	40706637
e.	FY 2006-07	Total cases reported	10164	62930085	60452517	10502197	7922261		
	FY 2006-07	Cases open	5630	61575218	58893992	9147330	6363736	52427888	52530256
SUB TOTAL							792940335	507379823	
3.	ESTIMATED FUTURE LIABILITY (Indemnity plus Medical): TOTAL							1300320158	
							\$Indemnity	\$Medical	
4.	Total Benefits paid during FY 2006-07 (including all case expenditures):							160063739	107616145
5.	Number of MEDICAL-ONLY cases reported in FY 2006-07:								4048
6.	Number of INDEMNITY cases reported in FY 2006-07:								6116
7.	TOTAL of 5 and 6 (also entered in 2e above):								10164
8.	TOTAL number of open indemnity cases (all years):								22503
9.	Number of Fatality cases reported in FY 2006-07:								12
10.	(a) Number of FY 2006-07 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2006-07:								1326
10.	(b) Number of non-FY 2006-07 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2006-07:								1009

Fiscal Year  
06/07



NOTE: Complete both sides of this page for ALL annual reports.

State of California  
Department of Industrial Relations  
Self Insurance Plans  
2265 Watt Avenue, Suite 1  
Sacramento, CA 95825  
Web site: <http://slip.dir.ca.gov>  
E-mail: [slip@dir.ca.gov](mailto:slip@dir.ca.gov)



## PUBLIC SELF INSURER'S ANNUAL REPORT

### I. GENERAL-To be completed by the employer

#### 1. CERTIFICATE NUMBER:

4-7002-05-225

☒ Active

☐ Revoked

#### 2. PERIOD OF REPORT:

☒ Full Year

☐ Interim/Amended Report for the Period of:

07/01/06  
From Date (mm/dd/yy)

06/30/07  
To Date (mm/dd/yy)

#### 3. NAME OF MASTER CERTIFICATE HOLDER

NAME: County of Los Angeles

FEDERAL TAX ID. NUMBER

ADDRESS: 3333 Wishnie Blvd, Ste 820

95-3893470

CITY: Los Angeles

STATE: CA

ZIP +4: 90010

#### 4. TYPE OF PUBLIC AGENCY:

☒ CITY/COUNTY

☐ POLICE/FIRE

☐ TRANSIT

☐ SCHOOL

☐ HOSPITAL

☐ OTHER

#### 5. During the period of this report, has there been any of the following with respect to the master certificate holder, subsidiary, affiliate, JPA's or its member agencies?

A merger or unification?

☐ Yes

☒ No

Changes in name or identify

☐ Yes

☒ No

Any addition to Self Insurance Program?

☐ Yes

☒ No

If yes, explain:

#### 6. TOTAL EMPLOYMENT AND WAGES PAID IN FISCAL YEAR 2006-2007 FOR THIS SELF INSURER:

(a) NUMBER OF EMPLOYEES: 89,724

(Number of individual employees listed on for DE-6 for year ending June 30, 2007)

(b) TOTAL WAGES AND SALARIES PAID \$: 6,243,690,028

(As reported on EDD Form DE-6 Line M for all four quarters)

#### 7. TO WHOM DO YOU WANT CORRESPONDENCE ADDRESSED?

TITLE: Chief Proc. Spec. FIRST NAME: Alex MI: LAST: Rossi

COMPANY NAME: County of Los Angeles

ADDRESS: 3333 Wishnie Blvd Suite 820

CITY: Los Angeles

STATE: CA

ZIP+4: 90010-4110

PHONE: (213) 738-2154

FAX: (213) 252-0404

E-MAIL ADDRESS: [arossi@ceoofacounty.gov](mailto:arossi@ceoofacounty.gov)

#### 8. CERTIFICATION BY AGENCY OFFICIAL:

I declare under the penalty of perjury that I have examined this Self Insurer's Annual Report and to the best of my knowledge and believe it is true, correct and complete.

SIGNATURE (Original Only):

DATE: 9/18/07

TYPED NAME: Alex Rossi

AGENCY NAME: County of Los Angeles

STREET ADDRESS: 3333 Wishnie Blvd Suite 820

CITY: Los Angeles

STATE: CA

ZIP+4: 90010-4110

PHONE: (213) 738-2154

FAX: (213) 252-0404

Fiscal Year  
**06/07**

ANNUAL REPORT IS DUE OCTOBER 1, 2007



NOTE: Self Insured Employer  
Complete this page on ALL reports.

#### RECORDS STORAGE

1. Are claim records stored at any location other than with the current administrator?

☐ Yes

☒ No

If yes, Where?

A. Agency Name

Address

City

State

Zip+4

Phone

C. Agency Name

Address

City

State

Zip+4

Phone

B. Agency Name

Address

City

State

Zip+4

Phone

D. Agency Name

Address

City

State

Zip+4

Phone

#### INSURANCE COVERAGE

1. Are any of your workers' compensation liabilities in California during the reporting period covered by a standard workers' compensation insurance policy?

☐ Yes

☒ No

If Yes:

1. Name of Insurance Company:

Policy Number:

Policy Issue Date:

2. Name of Insurance Company:

Policy Number:

Policy Issue Date:

2. Are any of your workers' compensation liabilities in California during the reporting period covered by a specific excess workers' compensation insurance policy?

☒ Yes

☐ No

If Yes:

1. Name of Carrier:

Policy Number:

Policy Issue Date:

Retention Limit:

2. Name of Carrier:

Policy Number:

Policy Issue Date:

Retention Limit:

3. Do you carry an aggregate (stop loss) workers' compensation insurance policy?

☐ Yes

☒ No

If Yes:

1. Name of Carrier:

Policy Number:

Policy Issue Date:

Retention Limit:

2. Name of Carrier:

Policy Number:

Policy Issue Date:

Retention Limit:

#### OPEN INDEMNITY CLAIMS

A. Attach a list of ALL Open Indemnity Claims by reporting location and by year reported and with claims in alphabetical order, or a computer prepared printout organized in the same format.

Fiscal Year  
**06/07**

**COUNTY OF LOS ANGELES (SELF-INSURED)  
WORKERS' COMPENSATION INSURANCE COVERAGE**

Each period of coverage begins and ends at 12:01 AM Standard time at the address of the employer.  
See attached summary sheets for details regarding the agencies managing excess claims.

<u>INSURANCE CARRIER</u>	<u>POLICY NO.</u>	<u>DATE OF INJURY PERIOD OF COVERAGE</u>	<u>CARRIER NOTIFICATION LEVELS</u>	<u>EMPLOYER RETENTION LEVELS</u>	<u>CARRIER LIABILITY LEVELS</u>
State Compensation Insurance Fund Montebey Park, CA	XS-718-69 XS-719-69*	7-1-69/7-1-70 7-1-69/7-1-70	\$ 75,000 \$ 75,000	\$ 150,000 \$ 150,000	\$ 6,000,000 \$ 6,000,000
Same as above	XS-718-70 XS-719-70*	7-1-70/7-1-71 7-1-70/7-1-71	\$150,000 \$150,000	\$ 300,000 \$ 300,000	\$ 6,000,000 \$ 6,000,000
Same as above	XS-718-71	7-1-71/5-1-72	\$150,000	\$ 300,000	\$ 6,000,000
Same as above	XS-718-72	5-1-72/5-1-73	\$250,000	\$ 500,000	\$10,000,000
Same as above	XS-718-73	5-1-73/7-1-74	\$250,000	\$ 500,000	\$10,000,000
CIGNA Property & Casualty Company, Northridge, CA	WC-809455	7-1-74/7-1-75	\$250,000	\$ 500,000	\$10,000,000
Cravens, Dargen & Company, Pacific Coast, San Francisco, CA	ONS-9-37-62	7-1-75/7-1-76	\$250,000	\$ 500,000	\$10,000,000
Employers Reinsurance Corporation Overland Park, Kan.	C-20997	7-1-76/7-1-77	\$500,000	\$1,000,000	\$10,000,000

\*Note that for 1969/70 and 1970/71 the State Fund issued separate policies to cover the County Consolidated Fire Protection District.

A. NAME OF ADMINISTRATOR(S)/ADMINISTRATING AGENCY(IES) SUBMITTING THIS REPORT.

1. Name (Person) Kathy Burns Administrative Agency's  
Agency Name Intericare Insurance Services Certificate No.: 239  
Address P.O. Box 14243 or ☐ Self Administered  
City Orange State CA Zip+4 92868-4243

B. HAS THERE BEEN A CHANGE IN ADMINISTRATOR/ADMINISTRATIVE AGENCY DURING THE PERIOD OF THIS REPORT PERIOD? ☐ YES ☒ NO

IF YES: DATE OF CHANGE:

TYPE OF CHANGE: ☐ Change in Administrative Agency  
☐ Change to or from Self Administration

NAME OF NEW ADMINISTRATOR(S)/ADMINISTRATIVE AGENCY(IES):

Name   
Agency Name   
Address   
City  State  Zip+4

CERTIFICATION

I declare under penalty of perjury that I have prepared or caused this report to be prepared and I have examined this liabilities report of this self insurer's workers' compensation liabilities. To the best of my knowledge and belief this report is true, correct and complete with respect to the workers' compensation liabilities incurred and paid. I further declare under the penalty of perjury that the estimates of future liability of workers' compensation claims made in this report reflect the administrator's best judgment as to the future liability of claims, using prevailing industry standards, and the signatory intends Self Insurance Plans to rely upon the representation.

Kathy Burns  
Original Signature of Administrator (Qualified Person)

Date: 9/17/07

TYPED NAME OF ADMINISTRATOR

Administrator's First Name: Kathy MI:  Last Name: Burns  
Title: Claims Manager  
Name of Administrative Agency or Employer: Intericare Insurance Services  
Street Address: 701 S. Parker Street 3rd Floor  
City: Orange State: CA Zip+4: 92868-4243  
Phone No. of Administrator: (714) 480-4428 Fax No.: (714) 480-0041  
E-mail Address of Administrator: kburns@intericareins.com

Fiscal Year  
**06/07**



NOTE: Claims Administrator  
Complete this page for ALL reports



## II. LIABILITIES BY REPORTING LOCATION

Reporting Location Nos.: 4-7002-05-289

Name of Master Certificate Holder: County Of Los Angeles

Type of Report:

☒ Original Report (Due October 1 each year) ☐ Amended Report for the Period of: ☐ Interim Report

A. CASES AND BENEFITS (to nearest dollar)			From Date (mm/dd/yy)		To Date (mm/dd/yy)		
	Number	Incurred Liability		Paid to Date		Future Liability	
		\$ Indemnity	\$ Medical	\$ Indemnity	\$ Medical	\$ Indemnity	\$ Medical
1. Cases open as of 6/30/07 reported prior to FY 2002-03	2599	356,298,814	224,736,614	191,094,905	114,850,669	165,208,909	79,882,975
2. Open & Closed Cases:							
a. FY 2002-03 Total Cases Reported	3,015	53,179,639	80,218,794	32,262,327	21,219,068	20,927,312	8,999,726
FY 2002-03 Cases open	641	4,304,390	24,151,550	22,117,078	15,151,824		
b. FY 2003-04 Total Cases Reported	2,734	40,428,629	20,882,426	28,615,582	11,702,893	16,813,047	9,179,233
FY 2003-04 Cases open	655	32,621,703	17,016,147	15,805,661	7,896,914		
c. FY 2004-05 Total Cases Reported	2,473	32,756,398	17,135,056	18,593,810	9,518,980	14,167,788	8,616,076
FY 2004-05 Cases open	639	23,406,369	14,869,555	14,238,751	6,243,479		
d. FY 2005-06 Total Cases Reported	2,443	27,540,640	17,226,661	12,770,623	7,016,315	14,770,007	10,210,346
FY 2005-06 Cases open	674	12,450,335	16,726,967	9,839,823	5,916,621		
e. FY 2006-07 Total Cases Reported	2,325	15,239,377	13,775,553	4,866,501	2,049,437	10,422,876	11,726,266
FY 2006-07 Cases open	1,432	14,605,307	13,365,849	4,182,631	1,659,583		
						\$ Indemnity	\$ Medical
SUBTOTAL						242,304,939	128,614,622
TOTAL						370,919,561	
						\$ Indemnity	\$ Medical
3. ESTIMATED FUTURE LIABILITY (Indemnity plus Medical)						49,039,248	23,319,527
4. Total Benefits paid during FY 2006-07 (including all case expenditures):							
5. Number of MEDICAL-ONLY cases reported in FY 2006-07:							
6. Number of INDEMNITY cases reported in FY 2006-07:							
7. TOTAL of 5 and 6 (also entered in 2e above):							
8. TOTAL number of open indemnity cases (all years):							
9. Number of Fatality cases reported in FY 2006-07:							
10. (a) Number of FY 2006-07 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2006-07:							
10. (b) Number of non-FY 2006-07 claims for which the employer or administrator was notified of representation by an attorney or legal representative in FY 2006-07:							

Fiscal Year  
**06/07**

## DELAYED CLAIMS ADMINISTRATION REPORT

EMPLOYEE NO.:		Examiner:	
Claim Number: 3000-      -		Name:	
Claim Report:	<input type="checkbox"/> 30 day	<input type="checkbox"/> 60 day	<input type="checkbox"/> 90 day
Date of Employer's Knowledge of Injury:			
Basis for this date (Claim form, Discussion with employer, Application, etc.):			
Date Contractor must Decide Acceptance or Denial:			
Date of Contractor's Receipt of Claim:			
Parts of Body Alleged Injured:			
Lost Time:	<input type="checkbox"/> None	From:	To:
Employer sent employee to Doctor?		<input type="checkbox"/> Yes	<input type="checkbox"/> No
If No: QME Exam(s) set for AOE/COE:			

Name of Doctor:	Name of Doctor:	Name of Doctor:
Date of Exam:	Date of Exam:	Date of Exam:
Specialty:	Specialty:	Specialty:

AOE/COE Invest:	Date Requested:	<input type="checkbox"/> Not necessary
Personnel File:	Date Requested:	<input type="checkbox"/> Not Necessary
Wage Statement:	Date Requested:	<input type="checkbox"/> Not Necessary
Job Description:	Date Requested:	<input type="checkbox"/> Not Necessary
Medical Releases:	Date Requested:	<input type="checkbox"/> Not Necessary
Date records sent to QME for review:		
Case Final Outcome:		
Date of Denial:		Number days since DOK:
Date of Acceptance:		Number days since DOK:
Case Litigated:	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If yes: Date application received by Contractor:		
Date litigation file forwarded to County Counsel:		
Case Reserves:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Case on Diary:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Sub status Codes:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Supervisor Review:	<input type="checkbox"/> Yes	<input type="checkbox"/> No
Employer Advised of Status of Claim: Date(s) Advised:		
Action to be taken:		

## EQUIPMENT LIST TO CONNECT TO GENCOMP

Equipment lists to connect to the County of Los Angeles' Workers' Compensation Computer System:

### **Computer Equipment Provided by County**

- 1, IBM RISC System/6000 computer
2. GenComp claims administration software
3. The GIFW application will install the following on the client PC's:
  - GIFW – the necessary GenIRIS for Windows applications including GenWORD
  - UniVerse UVODBC driver – the ODBC driver needed for the UniVerse database
  - UniVerse OniObjects – proprietary API for the UniVerse database
  - English Wizard – reporting tool used to ask “English” questions to query against the database
  - Sybase SQL Anywhere 5.0 – two small single-user, read-only databases and the necessary ODBC drivers

In addition the client PCs must have Microsoft Word (version 97 w/SR1 or higher through XP) and Microsoft WordViewer, which can be downloaded from the Microsoft's website.

GenSource is currently recommending Pentium 4 2.0 GHz PCs with 256 MB of RAM. GIFW will run on slower PCs; however, faster PCs will provide faster response times. The Contractor shall have a minimum configuration of Pentium 3 800 MHz PCs with 256 MB or RAM. GIFW requires approximately 100 MB for installation. GIFW has been tested with Windows 9X, NT workstation, and Windows 2000 Professional. GenSource clients are using GIFW with Windows XP, but GenSource has not officially certified it on Windows XP.

### **Additional Equipment to be Provided by TPA**

4. Ethernet Local Area Network with personal computers having Pentium 4 2.0 GHz processors with 256 MB of RAM. In addition the personal computers must have Windows, Microsoft Word (version 2000 or XP), Excel (2000), and Microsoft WordViewer.
5. Communications

- a. Telephone link-up T-1 lines or other compatible or better electronic link-up.
  - b. GIFW requires the TCP/IP protocol running on ports 23, 512 and 31438. Ideally, the client PCs and the database server will be located in the same LAN at 33 Mbps or better.
5. Printers compatible with the County's GENCOMP System

Software Vendor: GenSource, Inc.  
25572 Avenue Stanford  
Valencia, CA 91355  
(661) 294-1300

g/TPARFP/Technical Exhibit VII

**Examples of Data Fields in the County's  
Workers' Compensation Computer System**

- |                                  |                                  |
|----------------------------------|----------------------------------|
| 1. Status of Case                | 31. Dates Cases Reclosed         |
| 2. Claim Number                  | 32. Compensation Reserves        |
| 3. Employee Number               | 33. Medical Reserves             |
| 4. Location Code                 | 34. PD Awarded                   |
| 5. Current and Old Dept.No.      | 35. Final PD Rating              |
| 6. Social Security Number        | 36. Lifetime Medical             |
| 7. Employee Name                 | 37. Lifetime Medical Award       |
| 8. Sex (Male/Female)             | 38. Compensation Rate            |
| 9. Date of Birth                 | 39. Periods of Compensation      |
| 10. Occupation Description       | 40. Compensation Paid to Date    |
| 11. Occupation Code              | 41. Medical Paid to Date         |
| 12. Date of Injury               | 42. Remaining Medical Reserves   |
| 13. Employee's Address           | 43. Remaining Comp. Reserves     |
| 14. Employee's Phone Number      | 44. Comments                     |
| 15. Date of Employment           | 45. WCAB Board Number            |
| 16. Weekly/Monthly Salary        | 46. Application Date             |
| 17. Employee Status              | 47. Retirement App. Status       |
| 18. Employer's Report Date       | 48. Retirement Status            |
| 19. Doctor's Report              | 49. Long Term Disability Plan    |
| 20. Date of Knowledge            | 50. Various Diary Dates          |
| 21. Last Day Worked              | 51. Type of Award                |
| 22. Case Rejected/Accepted       | 52. Date of Award                |
| 23. Date Case Closed             | 53. Date Award Paid              |
| 24. Injury Codes, ICD Codes      | 54. Rehab. Bureau Number         |
| 25. Activity at Time of Accident | 55. Subrogation Status           |
| 26. Date of Death                | 56. Date of Legal Representation |
| 27. Injury Description           |                                  |
| 28. Hospital Date                |                                  |
| 29. Date Case Opened             |                                  |
| 30. Dates Case Reopened          |                                  |



## **QUALITY OF WORK PERFORMANCE REQUIREMENTS SUMMARY**

### **A. Introduction**

County or its authorized representative shall have the right at all times to monitor and inspect Contractor's performance under this Agreement. This Exhibit sets forth the performance requirements that will apply to Contractor's service hereunder. The Charts at the end of this Technical Exhibit indicate each such service, the service indicators, the performance standards, the maximum allowable deviations from perfect performance or the Acceptable Quality Level (AQL) and the County's method of monitoring.

The County expects a high standard of Contractor performance under this Agreement. Contractor shall provide County or its authorized representative reasonable access at all time during Contractor's business hours for the purpose of monitoring and inspecting Contractor's services hereunder. The CCA will make every effort to work with the Contractor to resolve any areas of difficulty. However, it is the Contractor's responsibility to satisfactorily provide all the services in the Statement of Work.

### **B. Quality of Work Performance Requirements Summary Charts**

The Quality of Work Performance Requirements Summary Charts at the end of this Technical Exhibit:

- List some of the services considered important to acceptable contract performance.
- Show some of the service indicators for each such service.
- Define the standard of performance for each such service.
- Show the maximum allowable degree of deviation from perfect performance to the Acceptable Quality Level (AQL) for each service that is allowable.
- Show the principal quality assurance method(s) the County will use to monitor and evaluate the Contractor's performance in meeting the contract requirements for each such service, and the frequency of such monitoring.

**C. County Quality Assurance**

Contractor's performance may be compared each calendar month or according to frequencies listed in the performance standards and AQL's using the Quality Assurance Monitoring Plan (QAMP).

The County may use a variety of inspection methods to evaluate the Contractor's performance. The methods of monitoring that may be used include, but are not limited to, the following:

- Monthly one hundred percent inspection. The County's Quality Assurance Evaluator (QAE) may use a checklist to carry out inspections of the Contractor on a random basis. During these inspections, the QAE will complete a checklist and determine on a monthly basis if the percentage of unsatisfactory findings to total findings exceeds the AQL.
- A comprehensive and complete audit is conducted on each administrator annually. However, the Assistant Division Chief, Risk Management Branch may request a special audit of an administrator. The special audit may be limited in scope or comprehensive based on the facts dictating the need for a special audit.
- The County will have access to the appropriate employment documents to verify that Claims Examiners meet the minimum qualifications and experience.
- Departmental Complaints or User Complaints
- Random sampling of completed reports and case files. An audit shall be performed by the Quality Assurance Evaluator or an independent outside auditor.
- Other methods deemed by the County Contract Administrator/designee to be appropriate for the evaluation of the Contractor's performance.

The basis for doing random sampling shall be the Military Standard 105D Sampling Procedures and Tables for Inspection by Attributes.

**D. Criteria For Acceptable and Unacceptable Performance**

Performance of a listed service is considered acceptable when the number of deficiencies found by the QAE during contract monitoring does not exceed the number of deficiencies allowed by the AQL. When the performance is deemed to be unacceptable by the CCA, the QAE shall issue a Contract Discrepancy Report (CDR). The CDR requires the Contractor to explain in writing how performance will be returned to an acceptable level, and how recurrence of the problem will be prevented.

Notwithstanding a finding of unsatisfactory service performance, the Contractor shall, as soon as possible, remedy any and all deficiencies in the provision of services and, as deemed possible or feasible by the County Contract Administrator/designee, perform such services again at an acceptable level.

The County Contract Administrator/designee shall evaluate the Contractor's explanation on the CDR, and if the County Contract Administrator/designee determines, in his sole discretion, that the particular defective performance for the particular service was caused by accident, strike, or similar occurrence beyond the control and without the fault or negligence of the Contractor, then the County Contract Administrator/designee may decline to count such performance as defective for such month.

**E. Unsatisfactory Performance**

Continued defective performance for six months or six CDR's within an eight month period shall, in County's discretion, constitute a default for failure to perform entitling County to terminate this Agreement.

**F. Use of Sample Size Charts for Random Sampling**

-- Determining Lot Size

To determine the sample size, the lot size must be known. The lot is how many cases the Contractor has been sent or how often the Contractor is required to provide the service in a given period of time.

To determine the lot size, estimate (or count) the quantity of the cases and/or frequency of the service to be sampled during the period it is to be sampled. Thus, if reviewing the files if the service is being sampled on a monthly basis, the lot size is the number of case files reviewed per month.

-- Determining Sample Size

Use the Sample Size Chart to identify the appropriate sample size for a given lot size. The County has the option to use either the normal or reduced sample size.

**SAMPLE SIZE CHART**

<u>LOT SIZE</u>	<u>NORMAL SAMPLE SIZE</u>	<u>REDUCED SAMPLE SIZE</u>
2-8	2	2
9-15	3	2
16-25	5	2
26-50	8	3
51-90	13	5
91-150	20	8
151-280	32	13
281-500	50	20
501-1,200	80	32
1,201-3,200	125	50
3,201-10,000	200	80
10,001-35,000	315	125

**QUALITY OF WORK PERFORMANCE REQUIREMENTS SUMMARY**  
**WORKERS' COMPENSATION CLAIMS PROGRAM**

<i>Factor Performance Incentive Factors (PIF)</i>	<i>Audited Performance Requirement</i>	<i>Max Var* 90 AQL</i>	<i>County Method of Monitoring</i>	<i>Weight</i>
<b>Liability Decision</b>	<b>Decision Correct?</b> <i>The decision to accept, reject or delay the claim was properly made and statutory benefit notices sent to the employee.</i>	10%	CFA	3
	<b>Decision Timely?</b> <i>The decision to reject, accept or delay a claim was made in accordance with statutory time limits</i>	5%	CFA	3
<b>Investigation</b>	<b>AOE/COE Need Identified?</b> <i>The administrator recognized the need to conduct a field investigation to determine compensability.</i>	15%	CFA	2
	<b>Sub Rosa Need Identified?</b> <i>Sub Rosa investigation was assigned based on the likelihood of obtaining results.</i>	20%	CFA	1
	<b>Investigation Adequate?</b> <i>Investigation is complete and timely.</i>	20%	CFA	2
<b>Subrogation</b>	<b>Subrogation Identified?</b> <i>Potential subrogation recovery is recognized by the administrator.</i>	15%	CFA	3
	<b>Timely Pursuit?</b> <i>The administrator takes effective and timely action to pursue recovery from negligent third parties.</i>	15%	CFA	2

<i>Factor PIF</i>	Audited Performance Requirement	Max Var* 90	County Method of Monitoring	Weight
<b>Reserve Adequacy</b>	<b>Proper Case Reserves?</b> <i>Case reserves are defined as follows: total of all payments on the file plus the outstanding reserves.</i>	15%	CFA	3
	<b>Reserves Adjusted Timely?</b> <i>Case reserves are changed with the changing status and ultimate probable cost of the claim.</i>	20%	CFA	2
<b>Gencomp Database</b>	<b>Gencomp Data Fields Accurate and Up-To-Date?</b> <i>New claims are input into Gencomp in a timely manner with all Gencomp fields entered accurately. All Gencomp fields are correct at the time of audit.</i>	20%	CFA	1
<b>Payment Date</b>	<b>TD Payments Paid Timely?</b> <i>Temporary total and partial disability is paid in accordance with time requirements of the Labor Code. Benefit notices reflect timely delivery of TTD and TPD.</i>	10%	CFA	3
	<b>Permanent Disability Paid Timely?</b> <i>Issues of permanent partial disability are resolved and payment of PPD is made in accordance with time requirements established in the Labor Code.</i>	10%	CFA	3
	<b>VRTD Payments Timely?</b> <i>Vocational Rehabilitation Temporary Disability (VRTD) benefits are paid in accordance with time requirements of the Labor Code requirements.</i>	10%	CFA	3
	<b>Disability Benefits Paid Accurately?</b> <i>All temporary, permanent and vocational rehabilitation disability benefits are paid at the correct rate and for the correct period of time.</i>	15%	CFA	2
	<b>Death Benefits Properly Paid?</b> <i>Prober dependents are identified and payments are made at the correct rate and in a timely manner.</i>	15%	CFA	2

<i>Factor PIF</i>	Audited Performance Requirement	Max Var* 90	County Method of Monitoring	Weight
<b>Payment Date (continued)</b>	<b>Case Balanced Per County Guidelines?</b> <i>The claim file was balanced in accordance with procedure and time requirements as established by the County</i>	25%	CFA	1
	<b>Transportation Expenses Paid?</b> <i>Transportation expenses are documented and paid at the correct rate, within the time requirements of the Labor Code.</i>	10%	CFA	3
	<b>Medical Bills Sent for Fee Review?</b> <i>Medical bills other than AMEs and IMEs are reviewed by the appropriate review service.</i>	15%	CFA	1
	<b>Hospital Utilization Review Service Notified Timely?</b> <i>The appropriate hospital utilization review (Pre-Certification) service is promptly notified of inpatient hospital services.</i>	20%	CFA	1
	<b>Bill Payments Timely?</b> <i>Vendor bills are authorized within 21 days of receipt and paid in accordance with statutory requirements.</i>	20%	CFA	2
	<b>Payments Accurate?</b> <i>Proper documented and necessary services are paid without duplication.</i>	15%	CFA	2
	<b>Over-limit Bills Authorized?</b> <i>All payments in excess of \$7,500 are approved by the County prior to payment.</i>	5%	CFA	1
	<b>Case under Medical Control?</b> <i>The administrator controls medical treatment and costs by directing medical care during the first 30 days, special examinations, second opinions, utilization review and communicating with physicians.</i>	10%	CFA	3
<b>Case Administration</b>	<b>Good File Documentation?</b> <i>Documents, correspondence and notes reflect the events that have taken place on the claim.</i>	15%	CFA	2

<i>Factor PIF</i>	Audited Performance Requirement	Max Var* 90	County Method of Monitoring	Weight
<b>Case Administration (continued)</b>	<b>Effective Use of Diary Control?</b> <i>Claims are reviewed at appropriate intervals by use of a diary system that brings files to the examiner and supervisor.</i>	10%	CFA	3
	<b>Correspondence Handled Timely?</b> <i>Requests for information or action are responded to promptly and in accordance with the urgency and importance of the request.</i>	10%	CFA	2
	<b>SCIF Reimbursement Requested Timely?</b> <i>Reimbursement from SCIF is requested promptly with necessary supporting documentation.</i>	5%	CFA	1
	<b>Reinsurance Reimbursement Requested Timely?</b> <i>Claims are reported to the reinsurance carrier with proper support documents.</i>	5%	CFA	1
	<b>Settlement/Closure Timely and Appropriate?</b> <i>Administrator took action to bring claim to an early, equitable, and appropriate resolution.</i>	15%	CFA	3
	<b>Evidence of Supervisory Control?</b> <i>Claims of significant monetary exposure or involving sensitive issues are reviewed by management.</i>	20%	CFA	2
	<b>Initial Three-Point Contact (4 Work Days)?</b> <i>Employee, employer, and medical provider are contacted by telephone within four working days of receipt by the administrator.</i>	10%	CFA	3
	<b>Timely Referral to Legal?</b> <i>Litigation is referred to County counsel at the proper time but not to exceed 45 days.</i>	20%	CFA	1
<b>Legal/Litigation</b>	<b>Medical Reports Sent to Legal Counsel Timely?</b> <i>Medical reports are sent to defense counsel in a timely manner that allows the proper defense of the claim.</i>	20%	CFA	2



<i>Factor PIF</i>	Audited Performance Requirement	Max Var* 90	County Method of Monitoring	Weight
<b>Legal/Litigation (continued)</b>	<b>Award Paid Timely?</b> <i>All awards are paid within 14 days of receipt or earlier. Subsequent payments are paid in accordance with the Labor Code and the award.</i>	20%	CFA	3
	<b>Counsel Notified of Activities Taking Place?</b> <i>Administrator keeps defense counsel advised of actions taken to resolve claim issues.</i>	20%	CFA	2
	<b>Counsel Notified to Cancel Hearing Timely?</b> <i>Administrator notifies defense counsel to cancel hearings when the need for a hearing has been eliminated</i>	20%	CFA	1
<b>Rehabilitation Notification</b>	<b>Q.R.R. Assigned by 90 days of TTD?</b> <i>A Qualified Rehabilitation Representative is assigned to the case within 10 days of 90 days of aggregate TTD.</i>	10%	CFA	3
	<b>Denial, Delay and Warning Letters Timely?</b> <i>Vocational rehabilitation denial, delay and warning letters are sent within the time requirement prescribed by the Rehabilitation Bureau.</i>	10%	CFA	2
	<b>One-Year Presumption Applied?</b> <i>Administrator takes action which reflects that employee is presumed to be a qualified injured worker after one year of TTD.</i>	10%	CFA	2
	<b>Dispute Resolution Notices Timely?</b> <i>The administrator has filed all state-required notices to resolve disputes and request conferences.</i>	10%	CFA	2
	<b>Closing Notices Timely?</b> <i>Administrator files notices to request closure in a timely manner and in accordance with Rehabilitation Bureau rules.</i>	20%	CFA	2
	<b>Commencement Notices Timely?</b> <i>Administrator files state-required commencement notices in accordance with Workers' Compensation laws of California and Rehabilitation Bureau rules and regulations.</i>	10%	CFA	2

<i>Factor P/F</i>	Audited Performance Requirement	Max Var* 90	County Method of Monitoring	Weight
<b>Rehabilitation Case Management</b>	<b>QIW Status or Supplemental Job Displacement Benefits Eligibility is Proper and Timely?</b> <i>The administrator takes action in a timely manner to determine the employee=s qualified injured worker status.</i>	10%	CFA	3
	<b>Counselor Assigned Properly and Timely?</b> <i>Administrator assigns a counselor in accordance with the rules and regulations of the Rehabilitation Bureau.</i>	10%	CFA	2
	<b>Feasibility Studies Timely and Proper?</b> <i>All feasibility studies are conducted in accordance with the rules and regulations of the Rehabilitation Bureau and in a manner which will lead to prompt resolution of the claim.</i>	10%	CFA	2
	<b>Plan Appropriate and Timely?</b> <i>A proper rehabilitation plan is documented and approved by the Rehabilitation Bureau in a timely manner.</i>	10%	CFA	3
	<b>Placement Proper and Timely?</b> <i>Placement activities are proper and timely based on the approved rehabilitation plan and the facts of the case.</i>	10%	CFA	2
	<b>Was Closure Proper and Timely?</b> <i>Administrator=s actions have led to or will lead to a timely closure of rehabilitation issues.</i>	10%	CFA	2
	<b>Activities Documented?</b> <i>File contains correspondence, notices, notes, reports and other documents which describe the rehabilitation activities that have taken place on the claim.</i>	15%	CFA	2
<b>Medical-Only</b>	<b>M.O. Determination Correct?</b> <i>The claim is appropriately classified as medical-only and should not be classified as an indemnity claim.</i>	5%	CFA	1

<i>Factor Non-Performance Incentive Factors (NPIF)</i>	Audited Performance Requirements	Max Var* 90	County Method of Monitoring	Weight
<b>Meets with Contract Manager</b>	<i>Meets with County Contract Monitor at least weekly to exchange information and ideas and to discuss accomplishment of contractor and County goals.</i>	10%	CR/DO Contractor Reports	1
<b>Claims Adjustment</b>	<i>Average adjuster caseloads do not exceed 175 open indemnity claims per adjuster.</i>	5%	CR/DO Contractor Reports	2
	<i>All adjusters meet experience requirement.</i>	5%	CR/DO Contractor Reports	1
	<i>No more than 6 adjusters per supervisor.</i>	5%	CR/DO Contractor Reports	2
<b>Replies to Contract Monitor Requests for Information/ Action</b>	<i>Completes within a reasonable time limit established by Contract Monitor</i>	5%	DO Contractor Reports	2
<b>Prepares Work Restriction Letters</b>	<i>Completes and forwards documents in a timely manner.</i>	5%	RS/Complaints CFA	2
<b>Completes Administrative Reports</b>	<i>100% compliance with required reports.</i>	5%	DO Completed Reports	2

<i>Factor NPIF</i>	Audited Performance Requirement	Max Var* 90	County Method of Monitoring	Weight
<b>Develop Claims Administration Manual</b>	<i>Complies with manual instructions</i>	0%	RS Manual CFA	1
	<i>Advises staff of changes in procedures.</i>	0%		
	<i>Manual complies with County guidelines.</i>	0%		
<b>Visits Assigned County Departments</b>	<i>Contractor visits all assigned departments at least quarterly to exchange information, review workers= compensation laws and procedures.</i>	10%	CR Contractor Reports	1

#### **DEFINITION OF CODES**

CFA Claim File Audits

SR 100% Inspection of Contractor Reports

**\*Maximum variance from Performance Standard**

CR 100% Inspection of Computer System Reports

DO Direct Observation

g/amr/WC TPA RFP -- 2005/Quality of Work Performance Requirements Summary

## Technical Exhibit IX

### PERFORMANCE REQUIREMENTS SUMMARY (PRS) CHART

SPECIFIC PERFORMANCE REFERENCE	SERVICE	MONITORING METHOD	DEDUCTIONS/FEEES TO BE ASSESSED
Contract: Sub-paragraph 7.5 – Confidentiality	Contractor Confidentiality Statements signed	Submission	\$50 for each late submission. Employees must sign within 10 days of contract inception or employment.
Contract: Sub-paragraph – 8.23.4 Notification of Incidents, Claims or Suits	Contractor to notify County in writing within 24 hours of any accident or incident relating to services performed under this Contractor which may involve filing a lawsuit or claim against the Contractor and/or County	Submission	\$50 if submitted more than 7 business days after Contractor's knowledge of claim or lawsuit
Contract: Sub-paragraph 8.24.6 – Performance Bond/Certificate of Deposit (CD) or Letter of Credit (LOC)	Contractor to provide Performance Bond, CD, or LOC.	Submission	\$50 if submitted more than 30 days after contract start date
Contract: Sub-paragraph 5.3 – Notice When 75% Contract Authorization Incurred	Contractor shall maintain a system of record keeping that will allow Contractor to determine when it has incurred 75% of total contract authorization under the Contract.	Submission	\$50 for late notification.
Contract: Sub-paragraph 4.3 – Contractor to Notify County within six (6) months of expiration of contract	Contractor shall notify CAO when this Contract is within 6 months from the expiration of the term.	Submission	\$50 for late notification
Contract: Sub-paragraph 8.43 Termination for Improper Consideration	Contractor will immediately report any attempt by a County officer or employee to solicit improper consideration.	Report to CCA or call to County Auditor - Controller's Employee Fraud Hotline	Termination of Contract for providing improper consideration and \$100 for failure to report attempt to obtain improper consideration.

TECHNICAL EXHIBIT X  
CONTRACT DISCREPANCY REPORT

TO:

FROM:

DATES:      Prepared: \_\_\_\_\_  
                 Returned by Contractor: \_\_\_\_\_  
                 Action Completed: \_\_\_\_\_

DISCREPANCY PROBLEMS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature of County Representative

\_\_\_\_\_  
Date

CONTRACTOR RESPONSE (Cause and Corrective Action): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature of Contractor Representative

\_\_\_\_\_  
Date

COUNTY EVALUATION OF CONTRACTOR RESPONSE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signature of County Representative

\_\_\_\_\_  
Date

COUNTY ACTIONS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CONTRACTOR NOTIFIED OF ACTION:

County Representative's Signature and Date \_\_\_\_\_

Contractor Representative's Signature and Date \_\_\_\_\_

WORKERS' COMPENSATION CLAIMS MANUAL

SUBJECT  PAYMENTS AND NEGOTIATION AUTHORIZATION LIMITS	NUMBER 9.06
	PAGE 1 OF 2
	EFFECTIVE 05/16/95
SECTION POLICY	APPROVED

It is the policy of the County of Los Angeles to establish payment and negotiation authorization limits for Third Party Administrator and County staff.

When the payment amount/negotiation level exceeds the individual's authorization limits, the payment/written justification and the claims file will be forwarded to the appropriate level for review and approval. No payment above one's authority will be processed without higher level approval. No negotiation of settlements above one's authority should take place without higher level approval.

These limits will be reviewed and revised periodically by the County.

### AUTHORITY LEVELS

Personnel	Negotiations	Payment
CCA – CEO	\$75,000+	\$75,000+
QAE Monitor – CEO	\$75,000	\$75,000
TPA Manager or Qualified Designee	\$20,000	\$7,500
TPA Supervisor	\$10,000	\$5,000
TPA Examiner	\$5,000	\$4,000
TPA Claims Assistant	0	\$1,000

8/27/07

g/amr/Workers Comp RFP 2007 – 2008/Authority Levels

#### DISTRIBUTION:

Third-Party Administrators  
Quality Assurance Evaluators  
Workers' Compensation Trust Fund Fiscal Administration  
Senior Manager, CEO - Risk Management Branch  
Assistant Chief Executive Officer, Risk Management Branch





## **County of Los Angeles Workers' Compensation Claims Examiner Process Controls**

Workers' compensation third party administrators (TPAs) providing services to the County of Los Angeles (County) must ensure process controls are established and monitored to minimize the potential for fraud and protect scarce tax dollars. The following required process controls are to be implemented immediately.

**Payment Authorization Requests** – Payment authorization requests must clearly reflect the individuals authorizing and/or approving the request. The required approvals must be reflected on the payment authorization request prior to release. Supporting documentation must be provided for all mileage expense and medical expense payments requests.

**Split Payments** – The County's long standing policy against splitting payments to circumvent authorization and/or approval levels shall be enforced. An employee shall be removed from working the County program after a second offense. County Quality Assurance Evaluators shall be notified of such removal.

**Authorization Signatures** – Every authorization and approval must be date stamped and signed by the individual authorizing and/or approving the payment request.

**Delegation of Authority** – Delegation forms must be signed and attached to all payment requests requiring such delegation.

**Date Stamps** – Date stamps used to authorize and/or approve payment requests shall be secured when not in use.

**Address Changes** – All address change requests must be approved by a claims supervisor and be accompanied with supporting documentation.

**System Timeouts/Logouts** – Computer system must timeout after 30 minutes (or less) of inactivity. Claims staff must logout when leaving their workstation unattended.

31

## Technical Exhibit XII

### PAYMENT PROVISIONS

#### Contract Years Two, Three, Four and Five

The rate for the twelve-month periods commencing January 1, and ending December 31, 2009, December 31, 2010, December 31, 2011, and December 31, 2012 may be adjusted annually based on the increase or decrease in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date, which shall be the effective date for any cost of living adjustment. However, any increase shall not exceed the general salary movement granted to County employees as determined by the Chief Executive Office as of each July 1 for the prior 12-month period. Furthermore, should fiscal circumstances ultimately prevent the Board from approving any increase in County employee salaries, no cost of living adjustments will be granted.

Where the County decides to grant a COLA pursuant to this paragraph for living wage contracts, it may, in its sole discretion exclude the cost of labor (including the cost of wages and benefits paid to employees providing services under this contract) from the base upon which a COLA is calculated, unless the Contractor can show that his/her labor cost will actually increase.

#### Example of Computation:

Computation of percentage change in Index (using hypothetical numbers):

CPI-W in December of Year Two	176.7
Less CPI-W in December of Year One	- <u>169.7</u>

Equals Index Point Change	7.0
---------------------------	-----

Divided by previous Index of 169.7 =	0.041
--------------------------------------	-------

Results multiplied by 100 = PERCENT CHANGE of 4.1 (Contractor shall be paid increase of 4.1% using this example.)

## **COLA CALCULATION GUIDELINES FOR LIVING WAGE CONTRACTS**

1. Establish annual contract amount for the year for which a COLA is being considered.
2. Determine Cost of Living Adjustment (COLA) for the year based on lesser of the percentage change in the U.S. Department of Labor, Bureau of Labor Statistics' Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County Area for the most recently published percentage change for the 12-month period preceding the contract anniversary date or the general salary movement for County employees for the 12-month period prior to July 1<sup>st</sup>. This figure is provided annually by the CEO.
3. Determine percentage of contract costs that are labor (salary and employee benefits) and the percentage of contract costs that are for services, supplies and other costs. The vendor must provide the department with the specific contract costs.
4. If the vendor has demonstrated that his/her labor costs have increased or will increase for the entire contract year by GREATER than or EQUAL to the established COLA percentage, multiply the annual contract amount by the COLA percentage to determine the vendor's COLA for the next contract year. Please see Example A on the next page.
5. If the vendor has demonstrated that his/her labor costs have increased or will increase for the entire contract year by LESS than the established COLA percentage, multiply the vendor's labor costs by the percentage increase the vendor has attributed to labor costs. To determine the vendor's non-labor amount of the COLA, multiply the amount of non-labor costs by the established COLA percentage. Add the labor and non-labor amounts to determine the vendor's COLA. Please see Example B on the next page.
6. If the vendor has demonstrated that his/her labor costs have NOT increased or WILL NOT increase for the entire contract year, multiply the amount of non-labor costs by the established COLA percentage to determine the vendor's COLA for that year. Please see Example C on the next page.



## EXAMPLES OF COLA CALCULATION

For illustrative purposes, the COLA approved by the CEO for the given year is 3%.

The annual contract amount is \$100,000 comprised of the following costs:

75% of contract cost attributed to labor costs:

25% of contract cost attributed to services, supplies and other costs (non-labor);

**EXAMPLE A:** Contractor has substantiated an increase equal to or greater than 3% for labor; therefore, the COLA is applied to entire contract amount:

COLA:  $\$100,000 \times 3\% = \$3,000$

**EXAMPLE B:** Contractor has substantiated an increase of 2% for labor costs; therefore, the COLA is applied as follows:

Labor =  $\$75,000 \times 2\% = \$1,500$

Non-labor =  $\$25,000 \times 3\% = \$750$

COLA =  $\$1,500 + \$750 = \$2,250$

**EXAMPLE C:** Contractor has demonstrated no increase in labor costs; therefore, the COLA is only applied to the non-labor costs:

COLA:  $\$25,000 \times 3\% = \$750$

## **ANATOMY OF A PAYMENT**

The processing time indicated below reflects the steps a payment goes through after it is actually entered into the system.

### **Normal Processing Time For A Payment After It Has Been Entered Into The System**

- Day 1 - A payment is entered on a given day or it is the first day of a cycle for a cycled payment. The payment at this point in time shows on the system as "Ready For Goodnite Processing." The "Goodnite" processing subsequently takes place during the evening and early morning hours. After the "Goodnite" processing, the payments in the system will display the message "Trans Ready For Check Printing" or they will reflect an error message.
- Day 2 - Fund management selects the transactions allowed by the system through the "Goodnite" process, (those not erroring out), and generates an electronic warrant (check) file. The electronic warrant (check) file is then transferred to the Auditor-Controller for processing. When we complete this process, payment transactions continue to read "Trans Ready For Check Printing."
- Day 3 - The Auditor-Controller processes our electronic warrant (check) file at 4:00 a.m. daily. The warrants (checks) and a control register are printed during the 4:00 a.m. processing.
- Day 4 - The Auditor-Controller then mails the warrants (checks).

Several days later, the Auditor-Controller sends a computer file to us that has the warrant (check) numbers on it. When we load this file into our system, the payment transactions that previously reflected "Trans Ready For Check Printing" are changed by the system to read "Check Printed Ready For Goodnite Processing."

During the evening of the day we load this file, another "Goodnite" process takes place. After this process, the message "Check Printed Ready For Processing" is removed and the transaction moves to Payment History with the check number and check date.

The above is what should occur most of the time. However, if warrants (checks) are not mailed or are alleged to not have been received, the reasons could be many. Following are some examples:

1. Computer downtime.
2. Incorrect payee addresses (a common problem).
3. Transactions are caught and held by the system for various errors such as, overlapping from and through dates, etc,
4. Payee's spouse cashed check.
5. Large hospitals, etc., place checks in miscellaneous accounts and then allege they didn't receive them.
6. The neighbors picked-up the mail.
7. Etc., etc., etc.

4/18/03  
g/TPARFP/Anatomy of a Payment

## **EXAMPLES OF OVERPAYMENTS AND EXCESS COSTS**

Overpayments include but are not limited to:

- Duplicate payments of indemnity of medical costs.
- Indemnity paid at the wrong rate
- Indemnity paid for dates where none is due
- Salary continuation authorized although claimant not eligible.
- Indemnity paid for non-industrial disability
- Medical paid for non-industrial treatment
- Indemnity or medical payments made to the wrong provider.
- Medical providers paid more than RVS without justification in file.
- Failure to take credit for subrogation lien, VPA lien, EDD lien, or other liens against indemnity or medical benefits.
- Failure to follow-up on Auditor-Controller overpayment letter resulting in an unrecoverable overpayment of indemnity.
- Inaccurate benefit notices sent to the department resulting in an overpayment by the department.
- Benefits paid on the wrong claim resulting in higher rates or additional benefits being paid in error.
- Failure to timely request canceled checks resulting in inability to defend the County against claims of non-payment.
- Duplicate medical exams, investigations, etc., ordered and paid for.
- Payment made without adequate file documentation to explain or justify the payment.
- TD picked up on settled case beyond five years from DOI where WCAB has no jurisdiction to order additional TD.
- Any other overpayments resulting from Contractor's mistakes, errors or omissions.



Excess costs include but are not limited to:

- Retroactive rehabilitation medical or indemnity payments paid for periods where the claimant was not participating in rehabilitation due to failure of TPA to send proper forms or refer the claimant to a rehabilitation vendor.
- Rehabilitation indemnity paid at the TD rate due to failure of TPA to send proper forms or refer the claimant to a rehabilitation vendor.
- VRMA due over and above the cap due to failure of TPA to send proper forms or refer the claimant to a rehabilitation vendor.
- Additional costs awarded due to TPA failure to defend the County and/or provide necessary documentation or accounting.
- Overadvancement of indemnity without benefit of commutation resulting in loss of interest saved to the County.
- Failure to timely object to inaccurate Orders and Awards resulting in payments over what should be due under the Labor Code.
- Benefits paid on a questionable or non-industrial injury due to failure to deny claim timely.
- Case settlement for more than its true value due to TPA failure to obtain timely and appropriate defense medicals, AOE-COE investigations, or to otherwise defend the County.
- Other excess costs as a result of Contractor's mistakes, errors or omissions.





## CLAIM STATUS REPORT

**FOR: (DEPARTMENT)**

**BY: (TPA)**

**EMPLOYEE:**

**CLAIMS EXAMINER:**

**EMPLOYEE NUMBER:**

**EXAMINER TELEPHONE NUMBER**

**CLAIM NUMBER:**

**EXAMINER E-MAIL ADDRESS**

**DATE OF INJURY:**

**DATE OF REPORT:**

**INJURY & CAUSE:**

**DISABILITY & MEDICAL TREATMENT:**

**LITIGATION STATUS:**

**ISSUES & EXPOSURES:**

**RESERVES:**

BENEFIT	PAID	RMG RES	TOTAL INC
TD			
PD			
MED			
VR MIS			
VRMA			
TOTAL			

**PLAN OF ACTION & EXPOSURE MANAGEMENT:****SETTLEMENT POTENTIAL:**



## COUNTY OF LOS ANGELES CLAIM STATUS REPORT GUIDELINES

**Purpose:** To improve claim outcomes through the systematic identification, investigation, and mitigation of high exposure and high profile workers' compensation claims.

**Claim Status Report:** The claim status report shall be utilized to improve claim handling efficiency and effectiveness. It will include a detailed analysis of issues and exposures, along with a clear plan of action. The claim status report should be updated to reflect any significant claim development and/or any change in the plan of action.

**Communication:** All claim status reports shall be directed to identified department personnel and, in the case of litigated claims, copied to defense counsel. The claim status report must comply with the provisions of Labor Code Section 3762.

**Settlement Proposals:** The claim status report may be used to communicate recommended settlement proposals. All settlement proposals should be submitted to the appropriate County personnel in a clear and concise written format. A claim file balance sheet shall be completed and provided to defense counsel and accompany all proposals submitted to the County Quality Assurance Evaluators. Compromise and Release proposals shall include a present value analysis of future exposures.

**Guidelines:** A claim status report is required when one, or more, of the following occurs:

- 1) A Labor Code § 132a discrimination claim is filed.
- 2) A Labor Code § 4553 serious and willful claim is filed.
- 3) The employee claims psychiatric injury.
- 4) The claim reflects an allegation of fibromyalgia.
- 5) Evidence exists that permanent disability will equal, or exceed, 70 percent.
- 6) Total incurred reserves equal, or exceed, \$100,000.
- 7) Appropriate County personnel request a claim status report.

Los Angeles County Code 5.31.050

Title 5 PERSONNEL\*

Chapter 5.31 HEALTH, SAFETY PROGRAM AND WORKERS' COMPENSATION

---

5.31.050 Workers' compensation system.

A. The director of personnel shall establish, administer and operate, as part of the county-wide safety program, a complete self-insured workers' compensation system to ensure the full provision of benefits under the law to employees whose injuries arise out of and in the course of employment. The system shall include provision for medical, surgical, hospital and other treatment required to cure and relieve the effects of injury, as well as payment of temporary and permanent disability compensation and death benefits as prescribed by state law or by county ordinance. As part of this responsibility, the director of personnel shall establish and administer procedures to provide for the following:

1. Reporting, investigation, and adjustment of claims arising out of accidents and injuries;
2. Determination of compensability of medical treatment and the payment of all workers' compensation benefits prescribed by state law or county ordinance;
3. Collection, compilation and reporting of statistical data, including departmental cost experience and actuarial projections;
4. Establishment and review of reserves on each case to reflect incurred cost of all anticipated benefits;
5. Control of workers' compensation costs consistent with provision of full benefits under the law.

B. The county counsel shall provide legal counsel and representation in any litigation related to workers' compensation. (Ord. 84-0220 § 1 (a)(part), 1984; Ord. 82-0264 § 1 (part), 1982; Ord. 9802 § 5, 1969; Ord. 8740 § 3, 1969; Ord. 8512 § 4 (part), 1963; Ord. 4099 Art. 3 § 78.02, 1942.)